

CASE

NUMBER:

99-130

Investigation - Service

Regular

COMPREHENSIVE INSPECTION REPORT

IN THE MATTER OF THE GAS GROUP ALLEGED VIOLATIONS OF KRS 278.020, KRS 278.160; 807 KAR 5:022, SECTIONS 14(5)(a); 14(5)(c)(2); 13(9), AND 807 KAR 5:023, AND 49 CRF 192.707(a); 192.707(d)(2); 192.615, AND 49 CFR 199

SEQ NBR	Date	Remarks
1	04/14/99	Show Cause Order; schedules 5/18 hearing; info due 20 days from date of service.
2	(M) 04/26/99	RETURNED SUMMONS SERVED 4/22/99 (JEFFERSON COUNTY SHERIFF)
3	(M) 05/10/99	CERTIFIED MAIL RETURNED-UNCLAIMED (PSC)
4	05/12/99	Memo to Susan Hutcherson from Helen Helton directing for hearing testimony.
5	05/12/99	Memo to Helen Helton from Dale Wright directing Jordan Neel.
6	05/12/99	Memo to Jordan Neel from Helen Helton directing a tariff search.
7	05/18/99	Memo to Helen Helton from Dale Wright directing Susan Hutcherson.
8	(M) 05/20/99	INFORMATION PERTAINING TO METERS (TXG ENG)
9	(M) 05/28/99	TRANSCRIPT FILED FOR HEARING ON MAY 18, 99 (CONNIE SEWELL COURT REPORTER)
10	06/17/99	Order ent., other parties are named parties to the Show Cause Order.
11	09/02/99	Letter to Jefferson County Sheriff enclosing copy of Order.
12	09/02/99	Final Order assessing penalties of \$25,750 to be pd.w/in 10 days of rec.of Order
13	11/10/99	1st reminder letter to Basil Pollitt re: certificate of need to operate/\$25,750.
14	(M) 11/29/99	REQUEST FOR 15 DAY EXTENSION (GARY LOGSDON FOR MR POLLITT)
15	12/27/99	Second Non-Compliance Reminder Letter to Basil C. Pollitt
16	03/01/00	Letter from Dale Wright to Julian Carroll requesting status of application.
17	04/19/00	Letter to Julian Carroll concerning status of case.
18	04/28/00	Letter to Julian Carroll; filing concerning The Gas Group is due by 5/10/2000.
19	(M) 05/08/00	Carroll & Associates - Tariff filing of The Gas Group, Inc. by Julian Carroll.
20	07/11/00	Letter to Julian Carroll enclosing copy of tariff form.
21	07/14/00	Letter to Julian Carroll re: preparing pleadings for Franklin Circuit Court.



Paul E. Patton, Governor
Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602-0615
www.psc.state.ky.us
(502) 564-3940
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B. J. Helton
Chairman

Edward J. Holmes
Vice Chairman

Gary W. Gillis
Commissioner

July 14, 2000

Honorable Julian M. Carroll
Carroll and Associates
25 Fountain Place
Frankfort, Kentucky 40601

Re: Basil C. Pollitt d/b/a The Gas Group, Inc.
Case No. 99-130

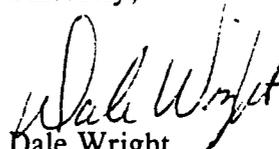
Dear Governor Carroll:

Thank you for your letter of July 13, 2000. I have made it clear to the folks here at the PSC that your major problem is in managing your client. Those of us who have attempted to personally deal with him understand your dilemma.

Perhaps the following will help inspire your client to be forthcoming and responsive. I have been directed to prepare pleadings for Franklin Circuit Court which will involve immediate termination of the gas distribution system and collection of the civil penalties. This action will seek an injunctive type relief at the time of filing. When I finish preparing the pleadings, I will forward copies to you so that you can share them with your client. Be advised that the action will not be filed before August 15, 2000. Hopefully, this will give you sufficient time to refile the LDC tariff to resolve the immediate problem.

If you have any questions or need any material, please call me.

Sincerely,


Dale Wright
Staff Attorney

DW:v





Paul E. Patton, Governor
Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

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B. J. Helton
Chairman

Edward J. Holmes
Vice Chairman

Gary W. Gillis
Commissioner

July 11, 2000

Honorable Julian M. Carroll
25 Fountain Place
Frankfort, Kentucky 40601

Re: Rate Filings
Basil C. Pollitt d/b/a The Gas Group, Inc.
Case No. 99-130

Dear Governor Carroll:

Enclosed you will find a copy of the tariff form that we discussed.

I think the Commission will soon direct me to take this matter to Circuit Court to terminate the distribution system.

Call me if I can be of any further service.

Sincerely,

A handwritten signature in cursive script that reads "Dale Wright".

Dale Wright
Staff Attorney

DW:v



CARROLL & ASSOCIATES

JULIAN M. CARROLL
COUNSELOR AT LAW

25 FOUNTAIN PLACE
FRANKFORT, KY 40601
TELEPHONE
(502) 223-8806
FAX (502) 227-4849

May 8, 2000

RECEIVED

MAY 08 2000

PUBLIC SERVICE
COMMISSION

Honorable Martin J. Huelsmann
Executive Director,
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-0615

Re: Rate Filing
The Gas Group, Inc.
Also Ref. Case No. 99-130

Dear Mr. Huelsmann:

As you are aware, I have recently been working with Mr. Dale Wright of your staff in an effort to bring The Gas Group into full compliance with all the rules and regulations of the Commission.

From my study of the rules and regulations of the Commission, as well as discussions with your staff, this appears to be a case in which the procedure required is somewhat uncertain. Initially, I had considered making this filing as an Application for a Certificate of Public Convenience and Necessity. However, this system was initially constructed as a major transportation line with farm taps. In recent years, however, the Company has lost their wholesale purchaser and the existing system has just continued serving the same farm taps. Thus, it appears to me, that The Gas Group is required to file a tariff with the Commission, but should not file an Application for a Certificate of Public Convenience and Necessity since the distribution line has already been constructed.

HISTORY:

The Gas Group, Inc. was formed as a Kentucky Corporation on December 11, 1992. A copy of the Articles of Incorporation are attached as exhibit no. 1.

The Gas wells from which the major transportation line was constructed in 1993, are located near Richardsville, in Warren County, Kentucky. The major transportation line was constructed in Warren, Butler and Edmonson Counties. The line is 28 miles long

Ltr. PSC
May 8, 2000
Page two

and terminates at Highway 185 north of Bowling Green at the Grayson County line.

Peak Energy, Inc. purchased the gas transported during 1993 and 1994, but the farm taps made pursuant to KRS 278.485 have continued to this date to be served by the previous transportation line constructed.

When the major transportation line was constructed a permit was obtained by the Kentucky Highway Department to place some of the line on highway right-of-way. A copy of the of this Permit and Bond are attached as exhibit no. 2. No application was filed with the Public Service Commission for the construction of the line.

On April 14, 1999, the Commission entered an Order in Case No. 99-130 find specified violations of the Commission Rules and Regulations. The representative of the Company, Basil Pollitt, failed to appear as ordered and the Commission subsequently entered an Order fining The Gas Group the sum of \$25,000.00.

Mr. Pollitt met with the Commission staff in May, 1999, with regard to the safety concerns previously found in an inspection. Mr. Pollitt then proceeded to correct each of the safety concerns and another field inspection was conducted in June, 1999, and Mr. Pollitt was under the impression that all deficiencies were corrected. However, he failed to follow up by filing a tariff and seeking a reconsideration of the fine previously imposed.

CURRENT FILING:

I have attached hereto a tariff filing by The Gas Group, Inc. for the service presently being provided the farm taps along the original transportation line. This tariff is marked as exhibit no. 3.

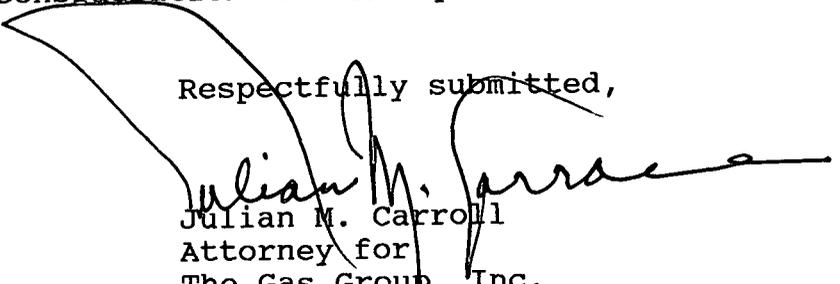
I am also filing a map of the transportation system. Mr. Pollitt has previously provided the Commission staff the location of road crossing and cutoff valves. If the staff requires further information in this regard we will respond accordingly. This map is marked as exhibit no. 4.

With this filing, I would assume the Commission staff would advise us as to whether this filing is in full compliance with the Commission rules and regulations. We would then address any deficiencies in response to any such request by the staff. As soon as we have fully complied with all the Commission rules and regulations, I would advise that we plan to file with the

Ltr. PSC
May 8, 2000
Page three

Commission a Motion for Reconsideration of the previous fine
imposed in Case No. 99-130.

Respectfully submitted,



Julian M. Carroll
Attorney for
The Gas Group, Inc.

JMC:j
Enc.

RECEIVED & FILED

ARTICLES OF INCORPORATION OF
THE GAS GROUP INC.

SD.00
Dec 11 9 44 AM '92

BOB BABBAGE
SECRETARY OF STATE
COMM. OF KENTUCKY

KNOW ALL MEN BY THESE PRESENTS:

The name of the Corporation shall be THE GAS GROUP, Inc. a corporation organized and created under the laws of Kentucky with registered office located at 800 Evergreen Road, Jefferson County, Anchorage, Kentucky 40223. and principal

The registered agent in charge thereof is Clark Pollitt.

The Corporation is authorized to issue a total of six hundred shares with each to have no par value. The shares may be issued for the consideration expressed in dollars as may be fixed from time to time by the Board of Directors.

The names and addresses of the incorporators are:

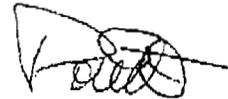
Whitney Clark Pollitt
818 Rugby Place
Louisville, Kentucky 40222

Leslie Pollitt
800 Evergreen Road
Anchorage, Kentucky 40223

The nature of the business, objects and purposed proposed to be transacted, promoted and carried on, are to do any and all things herein mentioned, as fully and to the same extent as natural persons might or could do, and in any part of the world. The purpose of the corporation is to engage in any lawful act or activity for which the Corporation may be organized under the general Corporation Law of Kentucky.

Witness the hand this 10 day of November 1992.

Whitney Clark Pollitt
Whitney Clark Pollitt



State of Kentucky)

County of Jefferson)

I L. Michael Pollitt, Notary State at Large do certify that Whitney Clark Pollitt appeared before me and declared theses to be his act and deed. Witness my hand this tenth day of November 1992. My commission expires,

L. Michael Pollitt July 17, 1993
L. Michael Pollitt

This Instrument was prepared by:

Whitney Clark Pollitt
Whitney Clark Pollitt
818 Rugby Place
Louisville, Kentucky 40222

EXHIBIT
1

TRANSPORTATION CABINET
DEPARTMENT OF HIGHWAYS
ENCROACHMENT PERMIT GENERAL NOTES AND SPECIFICATIONS

PERMIT NO. _____

SAFETY

A. General Requirements

- All signs and control of traffic shall be in accordance with the Manual on Uniform Traffic Control Devices for Streets and Highways, latest edition, Part VI and safety requirements shall comply with the Permits Manual.
- All Work necessary in shoulder or ditchline areas of a state highway is to be scheduled to be promptly completed so that hazards adjacent to the traveled-way are kept to an absolute minimum.
- No more than one(1) traveled-lane is to be blocked or obstructed during normal working hours. All signs and flagmen during lane closure shall conform to the Manual on Uniform Traffic Control Devices.
- When it is necessary to block one (1) traveled-lane of a state highway the normal working hours shall be as directed by the Department. No lanes are to be blocked or obstructed during adverse weather conditions (i.e. rain, snow, fog, etc.) without specific permission from the Department. Working hours shall be between 9:00 A.M. and 4:00 P.M.
- The traveled-way and shoulders shall be kept clear of mud and other construction debris at all times during construction of the permitted facility
- No nonconstruction equipment or vehicles or office trailers will be allowed on the right-of-way during working hours.
- The right-of-way shall be left free and clear of equipment, material and vehicles during nonworking hours.

B. Explosives

- No explosive devices or explosive material shall be used within State right-of-way without proper license and approval of Kentucky Department of Mines and Minerals, Explosive Division.

C. Other Safety Requirements

- All work shall be performed without construction equipment operating on the Hux pavement. Heavy equipment is restricted to the earth shoulders and beyond. No construction within 10' of the pavement edge is allowed after dark.

II UTILITIES

- * All work necessary within the right-of-way shall be behind a temporary fence erected prior to a boring operation.
- * The temporary woven wire fence shall be removed immediately upon completion of work on the right-of-way and control of access immediately restored to original condition, in accordance with applicable Kentucky Department of Highways Standard Drawings.
- * All vents, valves, manholes, etc. are to be located outside the right-of-way.
- * Encasement pipe shall extend from right-of-way line to right-of-way line and shall be one continuous run of pipe. The encasement pipe shall be welded at all joints.
- The boring pit and tail ditch shall not extend past the existing toe of slope or bottom of ditch line (from the right-of-way) and shall be a minimum of 30" deep.
- Encasement pipe shall conform to current standards for highway crossings in accordance with the Permits Manual.
- Parallel lines shall be constructed between back slope of ditch line and right-of-way line and shall have a minimum of 36" cover above top of pipe or conduit. (30" preferred)
- All pavement cuts shall be restored per Kentucky Transportation Cabinet Form No. TC 99-13.
- Aerial crossing of this utility line shall have a minimum vertical clearance of _____ feet from the high point of the roadway to the low point of the line (calculated at the coefficient for expansion of 120 degrees Fahrenheit).
- The 30' clear zone requirement will be met to the extent possible in accordance with Chapter 99-01.0521 of the Permits Manual.
- Special Requirements

EXHIBIT
2

COMMONWEALTH OF KENTUCKY
Transportation Cabinet
Department of Highways

ENCROACHMENT PERMIT BOND

(Attach Standard Power of Attorney)

County Bulter

Replacement Bond

Bond No. 142 025 202

Permit No. _____

KNOW ALL MEN BY THESE PRESENTS: That we The Gas Group, Inc.

_____, in the City of Louisville

State of Kentucky, as Principal, and Continental Casualty Company

P. O. Box 24164 in the City of Louisville

State of Kentucky, as Surety, are held and firmly bound unto the Commonwealth of Kentucky, for the use and benefit of the

Transportation Cabinet in District office No.(s) Three, located at St. Rt. 185, Butler Co.

Kentucky, State of Kentucky, oblige, in the penal sum of Five Thousand and no/100 (5,000.00) Dollars, lawful money of the United States for the payment of which well and truly be made, we bind ourselves, our heirs, executors, administrators, and assigns, jointly and severally, firmly by these presents.

The condition of the foregoing obligation is such that whereas the said The Gas Group, Inc.

_____ has obtained from the Commonwealth of Kentucky, Transportation Cabinet, a permit authorizing specific facilities upon the State owned right-of-way, and

Whereas, under the terms of said permit, a cash indemnity or bond indemnity is required of said principal and good and sufficient surety, payable to the Commonwealth of Kentucky, for the use and benefit of the Transportation Cabinet and conditioned upon the permitted encroachment being completed in accordance with the approved permit and being guaranteed that all non-conforming aspects of the encroachment can be corrected without expense to the Transportation Cabinet, by the said principal:

Now, therefore, if the above bounden principal shall faithfully and honestly complete the encroachment in accordance with said permit, and if the encroachment for which the said permit is granted fails to meet all specification, or if the said permit is revoked by the Transportation Cabinet, the above bounden principal shall properly restore the right-of-way and/or roadway or surfacing in accordance with the Cabinet regulations, and if thereafter such restoration has been completed, then this obligation shall be null and void; otherwise to remain in full force and effect until completion of the encroachment has been duly accepted by an authorized agent of the Transportation Cabinet.

That this obligation shall remain in full force and effect until terminated in writing by the Transportation Cabinet.

In witness whereof, we, the parties, have set our hands and seals on the the 23rd, day of October, 19 96

Woolfolk-Phillips of Louisville of Louisville
(KY Bonding Agent Name)

12700 Shelbyville Road, Suite 4201

(Mailing Address)

Louisville KY 40243

(City) (Zip)

502-244-6986

(Phone Number)

The Gas Group, Inc.

Principal

BY [Signature]

Continental Casualty Company

Surety

BY [Signature]

Thomas R. Koller Attorney in Fact

POWER OF ATTORNEY APPOINTING INDIVIDUAL ATTORNEY-IN-FACT

Know All Men By These Presents, That CONTINENTAL CASUALTY COMPANY, an Illinois corporation, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, a Connecticut corporation, AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA, a Pennsylvania corporation (herein collectively called "the CNA Surety Companies"), are duly organized and existing corporations having their principal offices in the City of Chicago, and State of Illinois, and that they do by virtue of the signature and seals herein affixed hereby make, constitute and appoint Douglas W. Lackey, Thomas R. Koller, John J. Willison, Jr., Connie H. Shields, Kathleen Keefer, Individually

of Louisville, Kentucky

their true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred to sign, seal and execute for and on their behalf bonds, undertakings and other obligatory instruments of similar nature

- In Unlimited Amounts -

and to bind them thereby as fully and to the same extent as if such instruments were signed by a duly authorized officer of their corporations and all the acts of said Attorney, pursuant to the authority hereby given are hereby ratified and confirmed.

This Power of Attorney is made and executed pursuant to and by authority of the By-Laws and Resolutions, printed on the reverse hereof, duly adopted, as indicated, by the Boards of Directors of the corporations:

In Witness Whereof, the CNA Sureties Companies have caused these presents to be signed by their Group Vice President and their corporate seals to be hereto affixed on this 6th day of June, 1996.



CONTINENTAL CASUALTY COMPANY
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

M.C. Vonnahme Group Vice President

State of Illinois, County of Cook, ss:

On this 6th day of June, 1996, before me personally came

M. C. Vonnahme, to me known, who, being by me duly sworn, did depose and say: that he resides in the Village of Darien, State of Illinois; that he is a Group Vice President of CONTINENTAL CASUALTY COMPANY, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, and AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA described in and which executed the above instrument; that he knows the seals of said corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed pursuant to authority given by the Boards of Directors of said corporations and that he signed his name thereto pursuant to like authority, and acknowledges same to be the act and deed of said corporations.



My Commission Expires October 19, 1998 Linda C. Dempsey Notary Public

CERTIFICATE

I, John M. Litter, Assistant Secretary of CONTINENTAL CASUALTY COMPANY, NATIONAL FIRE INSURANCE COMPANY OF HARTFORD, and AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA do hereby certify that the Power of Attorney herein above set forth is still in force, and further certify that the By-Law and Resolution of the Board of Directors of each corporation printed on the reverse hereof are still in force. In testimony whereof I have hereunto subscribed my name and affixed the seals of the said corporations this 23rd day of October, 1996.



CONTINENTAL CASUALTY COMPANY
NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
AMERICAN CASUALTY COMPANY OF READING, PENNSYLVANIA

John M. Litter Assistant Secretary

(Rev. 7/14/95)

P.S.C. KY. NO. _____

CANCELLING P.S.C. KY. NO. _____

THE GAS GROUP, INC.

OF

12004 RIDGE ROAD
LOUISVILLE, KY 40233

RATES, RULES, AND REGULATIONS FOR FURNISHING

FARM TAP SERVICE

IN THE COUNTIES OF WARREN, BUTLER AND EDMONSON

FILED WITH THE
PUBLIC SERVICE COMMISSION
OF
KENTUCKY

ISSUED JANUARY 1993, _____

EFFECTIVE JANUARY 1993, _____

ISSUED BY THE GAS GROUP, INC.
Name of Utility

BY Basis Pollitt, President

EXHIBIT

3

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

THE GAS GROUP, INC.

(Name of Utility)

CLASSIFICATION OF SERVICE

FARM TAP SERVICE

**RATE
PER UNIT**

(1) The gas service shall be furnished at rates and minimum monthly charges determined by the public service commission. These are as follows:

\$6.00/MCF for gas used at the customer's meter
\$5.00 minimum monthly charge
\$50.00 cash deposit.
(This deposit will earn interest at the rate of 6% per year
and is refundable at the end of one year if the account is current.)
\$20.00 reconnect charge
\$150.00 tap fee

(2) The applicant for such gas service shall construct or cause to be constructed, and shall maintain and keep in good repair, the service lines, and shall provide and install or cause to be installed, and keep in good repair, the necessary automatic gas regulators, and shall pay the entire cost thereof. The company, at its own expense, shall provide, install and maintain the necessary gas meters.

(3) The construction of each service line, the installation, type and number of automatic gas regulators and gas meter or meters and the connection thereof with the gas producing well or pipeline shall be under the supervision of the public service commission or an agent thereof; and, shall conform to such standards of safety, location and convenience as may be prescribed by said commission.

(4) Neither the gas producer nor the gas pipeline company shall be responsible for maintaining any fixed or specified gas pressure. Neither the gas producer nor the gas pipeline company shall be liable for any accident or accidental injuries or damages which may result from any defect or failure of any automatic gas regulator or for any leakage or other defect or failure of any service line installed or constructed by the applicant.

(5) Nothing in this section shall be construed as requiring any gas pipeline company to serve any such owner of property or applicant from any line or lines that have been held to be subject to federal jurisdiction by order of the federal energy regulatory commission or a court of competent jurisdiction. The provisions of this section shall apply only to producing gas wells and to gas pipelines commonly known as gathering lines.

(6) Nothing in this sections shall be construed to restrict the right of any gas pipeline company to abandon any gas well or any gathering pipeline, or any part thereof, and to remove any such abandoned pipeline or lines. If service to any customer is terminated because of lack of gas for a period of six (6) months in a pipeline or line which served him, the company shall remove a portion of the main line so as to render it inoperable.

(7) Subject to the rules and regulations of the public service commission, any service may be disconnected and discontinued by the company for failure of the customer to pay any bill as and when due and payable.

DATE OF ISSUE JANUARY 1993
Month / Date / Year

DATE EFFECTIVE JANUARY 1993
Month / Date / Year

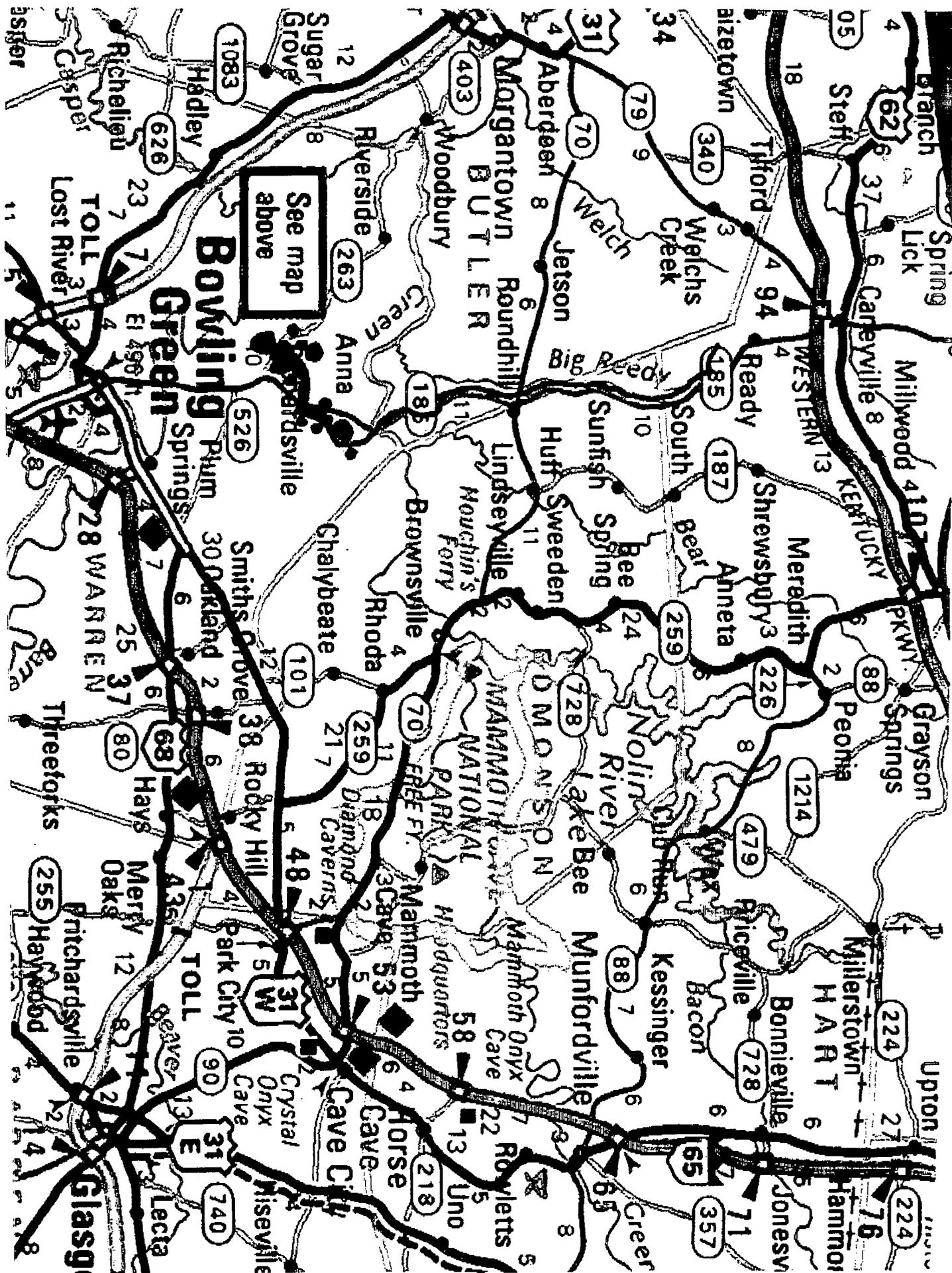
ISSUED BY [Signature]
(Signature of Officer)

TITLE President

Issued by authority of an Order of the Public Service Commission of Kentucky
in Case No. _____ dated _____.

THE GAS GROUP INC.
818 RUGBY PLACE
LOUISVILLE, KENTUCKY 40222 1800 484 8315 EXT. 6497
502 426 5004

- | | |
|---|-------------------------|
| 1) 672 PRUITT ROAD | 20) HWY 185 & 1238 EAST |
| 2) 8030 HWY #185 | 21) 3440 HWY 185 |
| 3) HWY 185 & 1320 | 22) 4258 HWY 185 |
| 4) 4050 ANNA SANDHILL ROAD | 23) HWY 185 & 1238 WEST |
| 5) ANNA SANDHILL ROAD AND LAKE ROAD | 24) MIDVALLEY PIPE LINE |
| 6) 557 LAKE ROAD | 25) HWY 185 & 1075 |
| 7) LAKE ROAD 1/4 EQST OF HWY 185 | |
| 8) HWY 185 1/4 N. OF REEDYVILLE COMM CNTR | |
| 9) 516 HWY 185 | |
| 10) HWY 185 & BROWNSVILLE ROAD | |
| 11) 20 HWY 185 | |
| 12) HWY 185 AND ALFORD LN. | |
| 13) 400 HWY 185 | |
| 14) 1210 HWY 185 | |
| 15) 1851 HWY 185 | |
| 16) 2010 HWY 185 | |
| 17) 2260 HWY 185 | |
| 18) 2368 HWY 185 | |
| 19) 2375 HWY 185 | |





Paul E. Patton, Governor
Ronald B. McCloud, Secretary
Public Protection and Regulation
Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

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B. J. Helton
Chairman
Edward J. Holmes
Vice Chairman
Gary W. Gillis
Commissioner

April 28, 2000

Honorable Julian M. Carroll
25 Fountain Place
Frankfort, Kentucky 40601

Re: Rate Filings
Basil C. Pollitt d/b/a The Gas Group, Inc.
Case No. 99-130

Dear Governor Carroll:

Enclosed you will find a copy of an Order issued by the Commission on March 23, 2000. It appears to me that the substance of this Order would apply to Basil Pollitt. It is my general understanding that The Gas Group's pipeline was constructed to provide natural gas to a major transportation line, and the intervening consumers, and now current customers, were the farm taps. In that configuration, the Public Service Commission had no regulatory authority save and except safety issues.

Now I understand that the major transportation line is no longer the end-user. This converts The Gas Group's pipeline into a local distribution system. At any rate, The Gas Group's distribution pipeline was constructed in the early 90's and has "transformed" into a distribution system. As such, it is subject to PSC regulation, but the enclosed Order clearly indicates that no Certificate of Public Convenience and Necessity is needed. I suspect it would be a good idea to submit some type of "as-built" plans detailing the system and where its various valves and other mechanical features are located.

Also enclosed is a blank copy of the "Rates, Rules and Regulations" which form the basis of a tariff. In addition, enclosed is the completed tariff for Citypower, LLC, which went into effect in September 1998. This material should provide you with guidelines to construct a cover letter explaining the background and development of the pipeline and the company called The Gas Group, Inc. As I have already advised, the deadline for this filing is May 10. If there is any further delay, correspondence and contact should be made with Honorable Martin J. Huelsmann, Executive Director of the Public Service Commission. If I can be of further service, please do not hesitate to contact me.

Sincerely,


Dale Wright
Staff Attorney

DW:v





Paul E. Patton, Governor

Ronald B. McCloud, Secretary
Public Protection and Regulation
Cabinet

Martin J. Huelsmann
Executive Director
Public Service Commission

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B. J. Helton
Chairman

Edward J. Holmes
Vice Chairman

Gary W. Gillis
Commissioner

April 19, 2000

Honorable Julian M. Carroll
25 Fountain Place
Frankfort, Kentucky 40601

Re: Certificate of Public Convenience and Necessity and Rate Filings
Basil C. Pollitt d/b/a The Gas Group, Inc.
Case No. 99-130

Dear Governor Carroll:

I appreciate your stopping by our new offices to give me the opportunity to provide some material which might help you. That Monday afternoon I met with our new Executive Director, Martin J. Huelsmann, at his request to discuss the case. The result of that meeting was a deadline date. If Mr. Pollitt has not filed for his certificate and filed his tariff on or before May 10, 2000, I must take action in circuit court. The Order issued on September 2, 1999, states, "If Gas Group fails to make the above filings within the time provided, the Commission shall take the necessary judicial steps to enforce this Order and to terminate operation of the natural gas distribution system."

I know that Mr. Pollitt is a difficult client. There are approximately fifty customers who are served by his gas distribution system. Those customers are not going to be happy if their gas is terminated and they have to switch to propane tanks.

I will give you whatever assistance is necessary to expedite this matter, so feel free to call me at any time.

Sincerely,


Dale Wright
Staff Attorney

DW:v





Paul E. Patton, Governor

**Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet**

**Martin J. Huelsmann
Executive Director
Public Service Commission**

**COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION**
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602-0615
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

**B. J. Helton
Chairman**

**Edward J. Holmes
Vice Chairman**

**Gary W. Gillis
Commissioner**

March 1, 2000

Honorable Julian M. Carroll
25 Fountain Place
Frankfort, Kentucky 40601

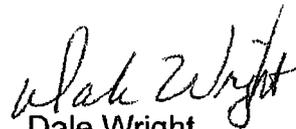
Re: Certificate of Public Convenience and Necessity
and Rate Filings
Basil C. Pollitt d/b/a The Gas Group, Inc.
Case No. 99-130

Dear Mr. Carroll:

I have not heard from you since our last telephone conversation. I had anticipated that the application for a Certificate of Public Convenience and Necessity and a Schedule of Rates (tariff) would have been filed by now on behalf of The Gas Group, Inc. Please advise me as to the status of the filings in order that I may advise my Director.

Feel free to call me if you need any assistance. I will thank you for your prompt attention to this matter.

Sincerely,


Dale Wright
Staff Attorney

DW:v





COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-1582

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

December 27, 1999

Mr. Basil C. Pollitt
The Gas Group
12004 Ridge Road
Louisville, KY 40223-2413

Re: Case No. 99-130
Second Non-Compliance Reminder Letter

Dear Mr. Pollitt:

On September 2, 1999, the Commission entered the Final Order in this case; that order required you to pay the Commonwealth of Kentucky the total sum of \$25,750.00. On November 9, 1999 we mailed you a First Non-Compliance Reminder Letter requesting this payment within 15 days. To date, we still have not received this payment.

You must make this payment not later than 10 days from the date of this letter, by cashier's check payable to the Kentucky State Treasurer, mailed or delivered to Office of General Counsel, Public Service Commission, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602.

If you do not make this payment timely, you will cause the Commission to take appropriate action against you. If you have any questions concerning this payment, please contact Howell Brady, Principal Assistant to the Executive Director, at 502-564-3940, extension 265.

Yours truly,

A handwritten signature in black ink, appearing to read "H. Howell Brady, Jr.", written over a horizontal line.

H. Howell Brady, Jr.
Principal Assistant to the Executive Director

HB/lc



Law Offices of

GARY S. LOGSDON

Attorney at Law

Woodcock Building
Main Cross Street, P. O. Box 382
Brownsville, Kentucky 42210
Internet E-mail: gls@kih.net

RECEIVED
NOV 29 1999
PUBLIC SERVICE
COMMISSION

RECEIVED
NOV 24 1999
PUBLIC SERVICE
COMMISSION

Telephone
(270) 597-2134

Facsimile
(270) 597-2859

November 24, 1999

Ms. Helen Helton
Executive Director
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, KY 40602

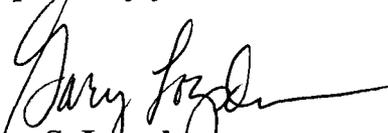
Re: Basil C. Pollitt
The Gas Group
Case No. 99-130

Dear Ms. Helton:

This office has been retained to represent Mr. Pollitt and his company in the above-referenced case. The purpose of this letter is to obtain a fifteen (15) day extension of time from and after December 1, 1999 in which to respond to the request set forth in the November 9, 1999 from Stephanie Bell, Secretary to the Public Service Commission, a copy of which is enclosed with this letter.

I have previously discussed with matter with Mr. Dale Wright of your office. Please allow this request for extension of time and respond, please in writing as soon as possible. Mr. Wright is courtesy copied on this letter.

Respectfully yours,


Gary S. Logsdon

cc: Mr. Basil Pollitt
pds



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-1582

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

November 9, 1999

Mr. Basil C. Pollitt
The Gas Group
12004 Ridge Road
Louisville, KY 40223-2413

Re: Case Number 99-130

Dear Mr. Pollitt:

The Commission entered its Final Order in this case on September 2, 1999. Among other things, the Commission ordered you to submit an application for certificate of need to operate and \$25,750.00 not later than 10 days of receipt of this letter. To date, we have not received this filing. This must be filed to fully comply with the Commission's order. Please make this filing, referencing the case number 99-130, not later than 15 days from the date of this letter.

If you have questions concerning this filing, please contact Howell Brady, Principal Assistant to the Executive Director at 502-564-3940, extension 265.

Sincerely,


Stephanie Bell
Secretary to the Commission

SB/lc



AN EQUAL OPPORTUNITY EMPLOYER M/F/D



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

September 2, 1999

Jefferson County Sheriff
531 Court Place
Suite 600
Louisville, Kentucky 40202

Re: Public Service Commission Case No. 99-130

Dear Sheriff Aubrey:

Please find enclosed a true and correct copy of an Order issued by the Public Service Commission against Basil C. Pollitt, individually, and doing business as The Gas Group, Inc. Also enclosed is a check in the amount of \$20 for the service fee and a stamped and addressed envelope for your return of service.

Basil C. Pollitt can be located in the late afternoon at his office at 818 Rugby Place. Please understand that it is important to serve Mr. Pollitt as quickly as possible because he is operating a natural gas distribution system in Warren County, Kentucky, which creates a potentially dangerous situation.

Thank you for your immediate attention to the service of this Order under these circumstances.

Sincerely,

A handwritten signature in black ink that reads "Helen C. Helton".

Helen C. Helton
Executive Director

Enclosures



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BASIL C. POLLITT, INDIVIDUALLY, AND)
D/B/A THE GAS GROUP, INC.)

CASE NO. 99-130

ALLEGED VIOLATIONS OF KRS 278.020,)
KRS 278.160; 807 KAR 5:022,)
SECTIONS 14(5)(a); 14(5)(c)(2); 13(9), AND)
807 KAR 5:023, AND 49 CFR 192.707(a);)
192.707(d)(2); 192.615, AND 49 CFR 199)

SERVE: Basil C. Pollitt
(Business address) 818 Rubgy Place, Louisville, Kentucky 40222
(Home address) 12004 Ridge Road, Louisville, Kentucky 40223

ORDER

THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF KENTUCKY
TO THE ABOVE-NAMED INDIVIDUAL DOING BUSINESS AS THE GAS GROUP, INC.

You are hereby notified that an Order has been filed against the above-named utility before the Public Service Commission alleging certain facts and violations regarding the above-named natural gas distribution facility and utility as shown in the Order delivered to you.

Please be advised that you have 15 days from the date this Order is delivered to you to take specific action as stated in the Order.

DATE: 9-1-99 ✓

B. G. Nelson ✓
Commissioner

Dale Wright
Requesting Staff Attorney
502/564-3940, Ext. 235

PROOF OF SERVICE

This summons and notice was served by delivering a true copy of the show cause order to

This ___ day of _____, 1999.

Served by _____

Title

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BASIL C. POLLITT, INDIVIDUALLY,)
D/B/A THE GAS GROUP, INC.)
A/K/A THE GAS GROUP)
)

CASE NO. 99-130

_____)
)
ALLEGED VIOLATIONS OF)
KRS 278.020, KRS 278.160,)
807 KAR 5:022, SECTIONS 14(5)(a),)
14(5)(c)(2), 13(9), 807 KAR 5:023)
AND 49 CFR 192.707(a), 192.707(e)(2),)
192.165, AND 49 CFR 199)

O R D E R

On April 14, 1999, the Commission entered an Order that directed Basil C. Pollitt d/b/a The Gas Group, Inc. a/k/a The Gas Group ("Gas Group") to answer and to appear at a hearing on May 18, 1999 to show cause why it should not be penalized pursuant to KRS 278.990(1) and KRS 278.992(1) for its alleged violations of the above named subsections of KRS Chapter 278, sections of 807 KAR and 49 U.S.C. 4, Section 60101, *et seq.*, and amendments thereto.

On April 22, 1999, Basil C. Pollitt, owner and operator of Gas Group, was personally served with a copy of a show cause Order and notice of the date, time and place of the hearing. Personal service was accomplished by a deputy from the Office of the Jefferson County Sheriff. Neither Mr. Pollitt nor anyone on his behalf filed a response or answer to the show cause Order.

Hearing in this matter was conducted on May 18, 1999. Mr. Pollitt failed to appear at the hearing, either personally or by a representative. Appearing on behalf of the Commission was Dale Wright, Staff Attorney. Members of the Commission Staff appearing and testifying were: Jordan Neel, custodian of the records and schedules of rates and conditions of service (tariffs); Susan Hutcherson, custodian of the records of show cause Orders and other permanent records; William Feldman, custodian of the records of annual reports of utilities; David Kinman, gas pipeline safety investigator; and Allen Gregory, hazardous material inspector for the Kentucky State Fire Marshal's Office.

FINDINGS OF FACT

The record, including the transcript of evidence with exhibits, taken at hearing on May 18, 1999 and the "Tour of Gas Group Lines" report prepared by David Kinman on June 18, 1999 established undisputed facts.

On February 15, 1999, Commission Staff was contacted about an unmarked natural gas line discovered by highway workers. The line was located north of Richardsville, Warren County, Kentucky near State Highway 185. On February 16, 1999, David Kinman investigated with the assistance of Allen Gregory, hazardous material inspector of the Kentucky Fire Marshal's Office. Initially, the extent of the gas line and facilities could not be determined. The situation could be potentially dangerous because the gas could be contaminated by the presence of hydrogen sulfide, producing "sour gas." This has occurred in some instances in this particular area of Kentucky. Basil C. Pollitt was and is the owner and operator of the natural gas distribution facility doing business as The Gas Group a/k/a The Gas Group, Inc. The system consisted of

22 miles of three and four-inch plastic pipe which extends northward along Kentucky Highway 185. The system is pressurized and valves are located at 4-mile intervals. The gas distribution system services natural gas to approximately 50 customers. The utility facility is connected to 5 natural gas wells, although, as of June 17, 1999 (the date of the second inspection), only one well was providing natural gas. The presence of hydrogen sulfide was not detected by David Kinman upon testing on June 17, 1999.

It is further found, as undisputed facts, the following:

1. Basil C. Pollitt is and was operating a natural gas distribution system near Richlandville, Kentucky. Commission records show that Mr. Pollitt has never applied for nor received a certificate of convenience and necessity to construct this natural gas distribution facility or provide natural gas service. KRS 278.020 provides in part: "No person ... shall commence providing utility service ... or begin construction of any ... facility ... until that person has obtained ... a certificate that public convenience and necessity require the service or construction" Mr. Pollitt was advised that it was necessary for him to secure a certificate to continue to operate his facility. The records of the Commission reflect that, as of the date of this Order, Mr. Pollitt has failed to make application for or receive a certificate. Mr. Pollitt is in violation of KRS 278.020, and therefore is operating a natural gas distribution system unlawfully.

2. Basil C. Pollitt has never filed with the Commission a schedule of rates and conditions of service (tariff) relating to the above-named natural gas distribution facility. KRS 278.160 provides in part: "... such utility (person) shall file with the Commission ... schedules showing all rates and conditions of service" Mr. Pollitt is

in violation of KRS 278.160, and therefore is operating a natural gas distribution system unlawfully.

3. The initial inspection of the natural gas distribution system that was discovered by highway workers was conducted on February 16, 1999. David Kinman, assisted by Allen Gregory, inspected the facility to the extent possible at that time. Since they did not know the extent of the system, their inspection was limited, but the following violations were discovered.

a. Violation of 807 KAR 5:022, Section 14(5)(a), and 49 CFR 192.707(a) for failure to display line markers or signs to indicate the presence of a natural gas pipeline.

b. Violation of 807 KAR 5:022, Section 14(5)(c)(2) and 49 CFR 192.707(e)(2) for failure to have line markers on above-ground pipeline, which include a telephone number to call in case of emergency.

c. Violation of 807 KAR 5:022, Section 14(5)(e)(2) and 49 CFR 192.707(e)(2) for failure to provide a phone number to call in the event of emergency.

d. Violation of 807 KAR 5:022, Section 13(9) and 49 CFR 192.615 for failure to establish contact with local police, fire, and other officials regarding actions to be taken during an emergency.

e. Violation of 807 KAR 5:023 and 49 CFR 199 for failure to adopt and provide an anti-drug and alcohol plan.

Since receiving a copy of the show cause Order, Mr. Pollitt has placed line markers and signs showing the location of the natural gas pipeline, but the markers and signs provide a long-distance telephone number, not a local one.

CONCLUSIONS OF LAW

The Commission has jurisdiction of the subject matter herein and has personal jurisdiction on Basil C. Pollitt for purposes of notice of hearing and hearing. Basil C. Pollitt has been and is now the owner and operator of a natural gas distribution utility. The Commission concludes that Basil C. Pollitt has violated the statutes and regulations as set out hereinabove in the Findings of Fact.

The Commission, having reviewed the evidence of record and having been otherwise sufficiently advised, HEREBY ORDERS that:

1. Gas Group is assessed a civil penalty in the amount of Five Hundred Dollars (\$500) for violating KRS 278.020.

2. Gas Group is assessed a civil penalty in the amount of Two Hundred Fifty Dollars (\$250) for violating KRS 278.160.

3. Gas Group is assessed a civil penalty in the amount of Five Thousand Dollars (\$5,000) each for violating 49 CFR 192.707(a), 49 CFR 192.707(e)(2) (two violations), 49 CFR 192.615, and 49 CFR 199, or a total of Twenty-five Thousand Dollars (\$25,000) for violations of pipeline safety regulations.

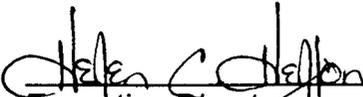
4. Within 15 days of receipt of this Order, Gas Group shall file with the Commission, pursuant to KRS 278.020, its application for a certificate of convenience and necessity to operate a natural gas distribution system, and shall file, pursuant to KRS 278.160, its schedule of rates and conditions of service (tariff). If Gas Group fails to make the above filings within the time provided, the Commission shall take the necessary judicial steps to enforce this Order and to terminate operation of the natural gas distribution system.

5. Within 10 days of receipt of this Order, Gas Group shall pay to the Commonwealth of Kentucky the total sum of Twenty-five Thousand Seven Hundred Fifty Dollars (\$25,750). This payment shall be made in the form of a cashier's check payable to "Treasurer, Commonwealth of Kentucky," and shall be mailed or delivered to Office of General Counsel, Public Service Commission, 730 Schenkel Lane, Post Office Box 615, Frankfort, Kentucky 40602.

Done at Frankfort, Kentucky, this 2nd day of September, 1999.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

BASIL C. POLLITT, INDIVIDUALLY, AND)
D/B/A THE GAS GROUP, INC.)

CASE NO. 99-130

ALLEGED VIOLATIONS OF KRS 278.020,)
KRS 278.160; 807 KAR 5:022,)
SECTIONS 14(5)(a); 14(5)(c)(2); 13(9), AND)
807 KAR 5:023, AND 49 CFR 192.707(a);)
192.707(d)(2); 192.615, AND 49 CFR 199)

SERVE: Basil C. Pollitt
(Business address) 818 Rubgy Place, Louisville, Kentucky 40222
(Home address) 12004 Ridge Road, Louisville, Kentucky 40223

ORDER

THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF KENTUCKY
TO THE ABOVE-NAMED INDIVIDUAL DOING BUSINESS AS THE GAS GROUP, INC.

You are hereby notified that an Order has been filed against the above-named utility before the Public Service Commission alleging certain facts and violations regarding the above-named natural gas distribution facility and utility as shown in the Order delivered to you.

Please be advised that you have 15 days from the date this Order is delivered to you to take specific action as stated in the Order.

DATE: 9-1-99 ✓

B. G. Helton ✓
Commissioner

Dale Wright
Requesting Staff Attorney
502/564-3940, Ext. 235

PROOF OF SERVICE

This summons and notice was served by delivering a true copy of the show cause order to

This ___ day of _____, 1999.

Served by _____

Title



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

June 17, 1999

Basil C. Pollitt
The Gas Group
12004 Ridge Road
Louisville, KY. 40223 2413

Basil C. Pollitt
The Gas Group
818 Rugby Place
Louisville, KY. 40222

RE: Case No. 99-130

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

Z 467 302 282

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Basil Pollitt
Street & Number	818 Rugby Place
Post Office, State, & ZIP Code	Covington, Ky 40222
Postage	\$.33
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 2.98
Postmark or Date	APR 13 1995

PS Form 3800, April 1995

47
051 80
09 130

Z 467 302 281

US Postal Service
Receipt for Certified Mail

No Insurance Coverage Provided.
Do not use for International Mail (See reverse)

Sent to	Basil Pollitt
Street & Number	12004 Ridge Rd
Post Office, State, & ZIP Code	Covington, Ky 40223
Postage	\$.33
Certified Fee	1.40
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.25
Return Receipt Showing to Whom, Date, & Addressee's Address	
TOTAL Postage & Fees	\$ 2.98
Postmark or Date	APR 13 1995

PS Form 3800, April 1995

42
09 130

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE GAS GROUP)
_____)

) CASE NO. 99-130
)

ALLEGED VIOLATIONS OF KRS 278.020,)
KRS 278.160; 807 KAR 5:022, SECTIONS 14(5)(a);)
14(5)(c)(2); 13(9), AND 807 KAR 5:023, AND 49 CRF)
192.707(a); 192.707(d)(2); 192.615, AND 49 CFR 199)

O R D E R

The Commission, on its own motion, finds that a show cause hearing was held on May 18, 1999 at the Commission's offices; that at hearing, evidence was produced to establish that Basil C. Pollitt was personally served with a summons and a copy of the Show Cause Order and, in addition, the summons gave Mr. Pollitt "NOTICE" of the date, place and time of the hearing, but he failed to appear in person or by any other representative, including counsel; that evidence was produced that Mr. Pollitt was identified by consumers of natural gas as the "person in charge" of delivering natural gas to them; that a bill or statement of services rendered from one of the consumers was entered into the record which in two distinct places stated "THE GAS GROUP, INC., 818 RUGBY PLACE, LOUISVILLE, KENTUCKY 40222"; that the face of the summons and the "NOTICE" (of hearing) shows that the deputy Jefferson County Sheriff did not personally serve Mr. Pollitt at his address at 12004 Ridge Rose Place, Louisville, Kentucky but he wrote in his own hand the place where he actually served Mr. Pollitt as "818 Ruby Place," and further, noted on a service fee receipt form that 818 Ruby Place was Mr. Pollitt's "place of employment"; that the evidence established that

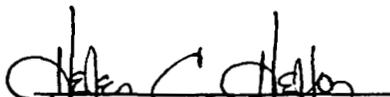
there are no record(s) whatsoever in any and all of the records of the Commission, past or present, showing that The Gas Group or Basil C. Pollitt has filed anything with the Commission, and having examined the record herein and being otherwise sufficiently advised,

IT IS ORDERED that other parties be named parties to the Show Cause Order as follows: The Gas Group, Inc., Basil C. Pollitt, Individually, d/b/a The Gas Group, d/b/a The Gas Group, Inc., and as officer, director, agent or other person or employee of The Gas Group, Inc.

Done at Frankfort, Kentucky, this 17th day of June, 1999.

By the Commission

ATTEST:


Executive Director

TXG**ENGINEERING, INC.**

SUBSIDIARY OF CSX ENERGY CORP.

1-502-651-8026

99-130

RECEIVED

MAY 20 1999

PUBLIC SERVICE
COMMISSIONWAT Analysis No. 273
NRG-54

Sample submitted by: Mid-South
 Sample labeled: Dallas-Runner #1, Warren Co., Ky
 Sample date: July 8, 1989

Gas Analysis

<u>Component</u>	<u>Mol %</u>
Oxygen	0.00
Nitrogen	13.50
Carbon Dioxide	0.01
Methane	78.08
Ethane	4.89
Propane	2.24
Iso-Butane	0.19
N-Butane	0.62
Iso-Pentane	0.12
N-Pentane	0.13
Hexane PLUS	0.22
	<u>100%</u>

Real Specific Gravity @ 60°F (air=1) .6784Calculated BTU/Cu Ft @ 60°F & 14.73 psia 963.1 dry966.0 satDate Analyzed: July 11, 1989Laboratory Manager: Max Dawson

Authorized TXG Rep: _____

99-130

THE GAS GROUP INC.
818 RUGBY PLACE
LOUISVILLE, KENTUCKY 40222 (4) 1800 484 8315 EXT. 6497
502 426 5004

- (2)
- 1) 672 PRUITT ROAD
 - 2) 8030 HWY #185
 - 3) HWY 185 & 1320
 - 4) 4050 ANNA SANDHILL ROAD
 - 5) ANNA SANDHILL ROAD AND LAKE ROAD
 - 6) 557 LAKE ROAD
 - 7) LAKE ROAD 1/4 EQST OF HWY 185
 - 8) HWY 185 1/4 N. OF REEDYVILLE COMM CNTR
 - 9) 516 HWY 185
 - 10) HWY 185 & BROWNSVILLE ROAD
 - 11) 20 HWY 185
 - 12) HWY 185 AND ALFORD LN.
 - 13) 400 HWY 185
 - 14) 1210 HWY 185
 - 15) 1851 HWY 185
 - 16) 2010 HWY 185
 - 17) 2260 HWY 185
 - 18) 2368 HWY 185
 - 19) 2375 HWY 185
 - 20) HWY 185 & 1238 EAST
 - 21) 3440 HWY 185
 - 22) 4258 HWY 185
 - 23) HWY 185 & 1238 WEST
 - 24) MIDVALLEY PIPE LINE
 - 25) HWY 185 & 1075

**D
A
N
G
E
R**

GAS PIPELINE

**Before Excavating
or in EMERGENCY**

Call The GAS GROUP

1-800-484-8315

ext. 6497

Day or Night

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Helen C. Helton
Executive Director

FROM: Dale Wright *DW*
Legal Staff

DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt
Case No. 99-130

Next Tuesday, May 18, 1999, at 10:00 a.m. there will be a show cause hearing in Hearing Room No. 1. This case involves the operation of a dangerous natural gas distribution system in Warren County, Kentucky. One of the major allegations of violation of the show cause is that the Commission has not issued a Certificate of Convenience and Necessity or has authorized the acquisition or transfer to, for, or on behalf of The Gas Group or Basil C. Pollitt. Pursuant to KRS 278.090, as Executive Director, you maintain the official records of the Commission.

First, I request that you direct Susan Hutcherson to make a copy of the entire original record in the above-named case and that you as Executive Director certify that the copy of the record is a true copy of the original record under Commission seal. Second, please direct Susan Hutcherson to search the records of the Commission to determine whether a Certificate of Convenience and Necessity has ever been issued in any of the names listed below. Also for her to determine whether the Commission has ever authorized an acquisition or transfer in any of the listed names. The names are as follows:

The Gas Group
The Gas Group, Inc.
Basil C. Pollitt
Basil C. Pollitt d/b/a The Gas Group
Basil C. Pollitt d/b/a The Gas Group, Inc.

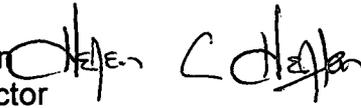
I will use Susan Hutcherson as a witness to prove the above-stated facts.

Thank you.

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Susan Hutcherson
Administrative Branch Manager
Docket Branch

FROM: Helen C. Helton
Executive Director



DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt

Attached you will find a copy of a memo to me from Dale Wright of the Legal Staff. Please take this as my official directive that you accomplish that which Mr. Wright has requested. Your testimony will be necessary Tuesday, May 18, 1999 at a show cause hearing. If you have any questions, please contact Dale at extension 235.

Thank you.

Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Helen C. Helton
Executive Director

FROM: Dale Wright *DW*
Legal Staff

DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt
Case No. 99-130

Next Tuesday, May 18, 1999, at 10:00 a.m. there will be a show cause hearing in Hearing Room No. 1. This case involves the operation of a dangerous natural gas distribution system in Warren County, Kentucky. One of the major allegations of violation of the show cause is that the Commission has not issued a Certificate of Convenience and Necessity or has authorized the acquisition or transfer to, for, or on behalf of The Gas Group or Basil C. Pollitt. Pursuant to KRS 278.090, as Executive Director, you maintain the official records of the Commission.

First, I request that you direct Susan Hutcherson to make a copy of the entire original record in the above-named case and that you as Executive Director certify that the copy of the record is a true copy of the original record under Commission seal. Second, please direct Susan Hutcherson to search the records of the Commission to determine whether a Certificate of Convenience and Necessity has ever been issued in any of the names listed below. Also for her to determine whether the Commission has ever authorized an acquisition or transfer in any of the listed names. The names are as follows:

The Gas Group
The Gas Group, Inc.
Basil C. Pollitt
Basil C. Pollitt d/b/a The Gas Group
Basil C. Pollitt d/b/a The Gas Group, Inc.

I will use Susan Hutcherson as a witness to prove the above-stated facts.

Thank you.

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Jordan Neel
Administrative Branch Manager
Tariff Review Branch

FROM: Helen C. Helton *Helen Helton*
Executive Director

DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt
Case No. 99-130

Please read the attached memo to me from Dale Wright. I direct that you make a thorough search of the Commission's records concerning tariffs, schedules of rates and conditions of service as requested by Mr. Wright. If any question, please call him at extension 235.

Thank you.

Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Helen C. Helton
Executive Director

FROM: Dale Wright *DW*
Legal Staff

DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt
Case No. 99-130

Next Tuesday, May 18, 1999 at 10:00 a.m. there will be a show cause hearing in Hearing Room No. 1. One of the major allegations of violation of the show cause is that there was never filed with the Commission's Tariff Revenue Branch any tariffs, schedules of rates and conditions for service of any of the names listed below:

The Gas Group
The Gas Group, Inc.
Basil C. Pollitt
Basil C. Pollitt d/b/a The Gas Group
Basil C. Pollitt d/b/a The Gas Group, Inc.

In order to prove the above-alleged fact at hearing, I need a search of the records in the Tariff Review Branch. Please direct Jordan Neel to make a thorough search of the tariff records filed with the Commission to determine the above fact.

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 26 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE GAS GROUP

CASE NO. 99-130

ALLEGED VIOLATIONS OF KRS 278.020,
KRS 278.160; 807 KAR 5:022,
SECTIONS 14(5)(a); 14(5)(c)(2); 13(9), AND
807 KAR 5:023, AND 49 CFR 192.707(a);
192.707(d)(2); 192.615, AND 49 CFR 199

4-22 1999

SERVE: Basil C. Pollitt
12004 Ridge Road
Louisville, Kentucky 40223-2413

Basil C Pollitt
Home

818 Ruby Place

SUMMONS

to within summons:
Sheriff, Jefferson County, Ky.
Gerald J. Huff D.S.

THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF KENTUCKY
TO THE ABOVE-NAMED INDIVIDUAL AS OFFICER, AGENT, OR EMPLOYEE OF
THE ABOVE-NAMED UTILITY:

G7351

You are hereby notified that a show cause Order has been filed against the above-named utility before the Public Service Commission alleging certain facts and violations regarding the above-named natural gas distribution facility and utility as shown in the Order delivered to you with this summons.

Please be advised that someone on behalf on behalf of the Gas Group has 20 days from the date this Order is delivered to you to respond in writing to Helen C. Helton, Executive Director of the Commission at the address below.

NOTICE

Please take notice that this case is set for hearing on May 18, 1999 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

DATE: 4/14/99

19 The within
Commissioner

Dale Wright
Requesting Staff Attorney
502/564-3940

named
not found - Unable to Locate.
SHERIFF, JEFFERSON COUNTY, KY.
D.S.
PROOF OF SERVICE

This summons and notice was served by delivering a true copy of the show cause order to

This ___ day of _____, 1999.

Served by _____

Title _____

PROCESS NO. 729 55

JEFFERSON COUNTY, KENTUCKY
SHERIFF'S OFFICE

FORM NO. 10-1005

PROCESS SERVICE FEE RECEIPT FORM
COL. JOHN E. AUBREY
SHERIFF

COUNTY ZIP FRANKFORT 00000 SECURED DOC.? DATE RECEIVED

TYPE OF PROCESS DOCUMENT FOREIGN PROC - PRIVATE

DIVISION OF COURT NO COURT ASSIGNED CASE NUMBER

PLAINTIFF THE GAS GROUP DEFENDANT POLLITT, BASIL C.

PERSON TO BE SERVED POLLITT, BASIL C. DEFENDANT OR PTBS S.S. NUMBER 000 00 000

ADDRESS PTBS 12004 RIDGE RD ZIP PTBS 40228 DEPUTY CODE

PLACE OF EMPLOYMENT 818 RUBY PLACE

NEW ADDRESS PTBS NEW ZIP NEW DEPUTY CODE

ADDITIONAL INFORMATION

ATTORNEY'S FULL NAME PUBLIC SERVICE COMPANY ATTY'S. PHONE 502 640 0000

ATTY'S ADDRESS BOX 615 CITY FRANKFORT STATE KY ZIP 40601

- CASH KRS 64.080
- MO KRS 453.190 (IN FORMA PAUPERIS)
- CHECK 0000000000
-

5-18

RECEIVED BY FEE AMOUNT DUE

DATE TO BE SERVED BY COURT DATE FEE AMOUNT PAID

	DATE	TIME		DEPUTY	REMARKS
		AM	PM		
1	4-20	11	56	174	N/AWS L/C
2	4-22	12	08	174	N/AWS C/STILL ON DECK
3					
4					
5					
6					

DESCRIPTION OF BUILDING
REASON NOT FOUND

SERVED NO. OF ATTEMPTS
NOT SERVED SERVICE DATE 4-23-99
SERVICE TIME 17:17
DATE RETURNED TO COURT 4/23

DEPUTY CODE G7351 DEPUTY WHO SERVED Kenneth J. Rappin



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

April 14, 1999

Basil C. Pollitt
The Gas Group
12004 Ridge Road
Louisville, KY. 40223 2413

RE: Case No. 99-130

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

at and near Highway 185 North of Richardsville, Warren County, Kentucky. Commission Staff determined that there are no records on file with the Commission relative to a natural gas distribution system or facility in the area reported. Specifically, Commission records reflect that no certificate of convenience and necessity has been issued as required by KRS 278.020, authorizing the construction and operation of a natural gas utility in the area along Highway 185 North of Richardsville. Pursuant to KRS 278.160 "[E]ach utility shall file with the Commission. . . , schedules showing all rates and conditions for service established by it and collected or enforced. . . ." The Gas Group has failed to make such filing with the Commission.

On February 16, 1999, Commission Staff, with the assistance of a representative of the State Fire Marshal, conducted, to the extent possible, an inspection of the Gas Group's facilities. Commission Staff was unable to determine the extent of the facilities because the owner or operator could not be located. Based upon said inspection, Commission Staff issued a Comprehensive Inspection Report ("Report") dated March 12, 1999 [copy attached]. Since that inspection was conducted, Commission Staff has attempted to contact and communicate with the alleged owner or operator of said facility without success.

An examination of the Commission's records establishes that Gas Group has failed to comply with KRS 278.020 and KRS 278.160 (numbered paragraphs 1 and 2 below). To the extent possible, the Report details the discovery of five (5) apparent violations of 807 KAR 5:022, 807 KAR 5:023, and 49 CFR 192 and 49 CFR 199 as follows (numbered paragraphs 3, 4, 5, 6, and 7):

1. The Commission has not issued a certificate of convenience and necessity authorizing the construction and operation of a natural gas utility in or near the area described herein above. KRS 278.020.

2. The Gas Group has failed to file any schedules of rates and conditions for service as required by KRS 278.160.

3. There are no line markers or signs to indicate the presence of a natural gas pipeline. 807 KAR 5:022, Section 14(5)(a) and 49 CFR 192.707(a).

4. There is pipeline aboveground on Anna Sandhill Road near Richardsville, Warren County, Kentucky. There is no sign marking the aboveground pipe which bears a telephone number to call in case of emergency. 807 KAR 5:022, Section 14(5)(c)(2) and 49 CFR 192.707(d)(2).

5. Customers of this facility are provided with no local telephone number to call in the event of an emergency. 807 KAR 5:022, Section 14(5)(d)(2) and 49 CFR 192.707(d)(2).

6. The Gas Group has not made contact with the appropriate fire, police and other public officials regarding actions to be taken during an emergency. 807 KAR 5:022, Section 13(9) and 49 CFR 192.615.

7. There is no proof that the Gas Group has an antidrug and alcohol plan. 807 KAR 5:023 and 49 CFR 199.

The Report notes that the facts as set out herein present a potentially dangerous situation because the gas field in this area of Warren County, Kentucky is known to produce hydrogen sulfide or "sour" gas and because the extent of the distribution system cannot be determined by observation of the aboveground pipe of the system.

The Commission, based upon the facts contained in the Comprehensive Inspection Report dated March 12, 1999, finds sufficient evidence to believe that the Gas Group has failed to comply with the above-identified provisions of KRS 278.020, Title 807, Chapter 5 and 49 CFR 192 and 199.

The Commission, on its own motion, HEREBY ORDERS that:

1. The Gas Group shall submit to the Commission within 20 days from the date this Order is delivered to you a written response to the allegations contained in the Order and the Comprehensive Inspection Report.

2. The Gas Group shall appear on May 18, 1999, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky for the purposes of presenting evidence regarding the alleged violations above-named and of showing cause, if any, why it should not be subject to the penalties prescribed in KRS 278.990(1) and KRS 278.992(1) for the alleged violations.

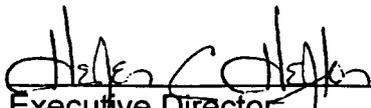
3. The Comprehensive Inspection Report dated March 12, 1999 is hereby made a part of the record herein.

4. Any request for an informal conference with Commission Staff to consider any matter which would expedite the handling or disposing of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 14th day of April, 1999.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

THE GAS GROUP
Bowling Green, Kentucky

March 12, 1999

BRIEF

As a result of a query from the State Highway Department in Bowling Green, Kentucky, a partial inspection of a natural gas system known as The Gas Group was conducted. This inspection was conducted in accordance with the Public Service Commission's ("PSC") policy of inspecting all jurisdictional operators. Natural gas operators are jurisdictional to the PSC under KRS 278.040, 278.495 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

Assisted by Assistant State Fire Marshal, Alan Gregory, a partial inspection was conducted on February 16, 1999. During the investigation, several residential type meter sets were noted along Highway 185 in Warren County, Kentucky. Aboveground steel pipeline was also found on Anna SandHill Road. This aboveground steel piping was apparently connected to a gas compressor at some point in time. There is no compressor at this site at present; however, the gas lines are still active. Given the configuration of the meters, it must be assumed that this is a natural gas distribution system. Were it a farm tap system, the meters would be required to conform to farm

tap standards (2 regulators, automatic shut-off incorporated into the low-pressure regulator, and pressure relief valves).

Numerous violations of the pipeline safety standards were found and will be further discussed in the findings section of this report,

FINDINGS

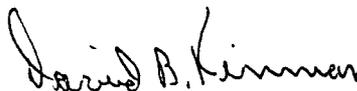
The following deficiencies were found:

1. There are no line markers or signs to indicate the presence of a natural gas pipeline. 49 CFR 192.707(a) and 807 KAR 5:022, Section 14(5)(a).
2. The aboveground piping on Anna Sandhill Road has no sign with a telephone number to call in the event of an emergency. 49 CFR 192.707(d)(2) and KAR 5:022, Section 14(5)(c)(2).
3. Customers of this system have no local telephone number to call in the event of an emergency. 49 CFR 192.707(d)(2) and KAR 5:022, Section 14(5)(d)(2).
4. The Gas Group has not made contact with the appropriate fire, police and other public officials regarding actions to be taken during emergency situations. 49 CFR 192.615 and KAR 5:022, Section 13(9).
5. In the absence of any evidence to the contrary, it must be assumed that this company does not have an anti-drug or an alcohol plan. 49 CFR 199 and KAR 5:023.

RECOMMENDATIONS

It appears that a potentially dangerous situation exists on this pipeline. It is recommended that the Commission initiate a hearing to allow The Gas Group to show cause they should not be penalized to the fullest extent of the law. It should be further noted that the maximum penalty allowable is \$25,000 per day of violation not to exceed \$500,000.

Respectfully submitted,



David B. Kinman
Gas Utility Investigator
Gas Branch

LLA
WHR

DBK:dcp
9903700



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

April 14, 1999

Jefferson County Sheriff's Office
531 Court Place
Suite 600
Louisville, Kentucky 40202

Re: Public Service Commission
PSC Case No. 99-130
Service of Combined Summons and Notice

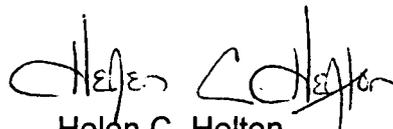
Dear Sheriff Aubrey:

Please find enclosed a true copy of a show cause order with two copies of a combined Summons and Notice of hearing. The Order and Notice are issued by the Public Service Commission pursuant to KRS 278.320. Also enclosed is a check in the amount of \$20.00 for the service fee and a return addressed envelope with postage. Please return one copy of the combined Summons and Notice with the proof of service executed.

The show cause order enclosed for service is the initial document to begin proceedings before the Public Service Commission regarding a natural gas distribution system. The known facts currently present a potentially dangerous situation. Mr. Basil C. Pollitt is the only known individual who may have important and critical information about the gas system.

Thank you for your immediate attention to the service of process under these circumstances.

Sincerely,


Helen C. Helton
Executive Director

Enclosures



COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE GAS GROUP)
 _____) CASE NO. 99-130
)
 ALLEGED VIOLATIONS OF KRS 278.020,)
 KRS 278.160; 807 KAR 5:022,)
 SECTIONS 14(5)(a); 14(5)(c)(2); 13(9), AND)
 807 KAR 5:023, AND 49 CFR 192.707(a);)
 192.707(d)(2); 192.615, AND 49 CFR 199)

SERVE: Basil C. Pollitt
 12004 Ridge Road
 Louisville, Kentucky 40223-2413

SUMMONS

THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF KENTUCKY
 TO THE ABOVE-NAMED INDIVIDUAL AS OFFICER, AGENT, OR EMPLOYEE OF
 THE ABOVE-NAMED UTILITY:

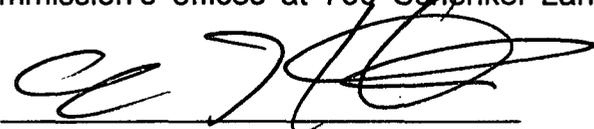
You are hereby notified that a show cause Order has been filed against the above-named utility before the Public Service Commission alleging certain facts and violations regarding the above-named natural gas distribution facility and utility as shown in the Order delivered to you with this summons.

Please be advised that someone on behalf on behalf of the Gas Group has 20 days from the date this Order is delivered to you to respond in writing to Helen C. Helton, Executive Director of the Commission at the address below.

NOTICE

Please take notice that this case is set for hearing on May 18, 1999 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

DATE: 4/14/99


 Commissioner

Dale Wright
 Requesting Staff Attorney
 502/564-3940

PROOF OF SERVICE

This summons and notice was served by delivering a true copy of the show cause order to

This ___ day of _____, 1999.

Served by _____

 Title

~~ORIGINAL~~

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

ORIGINAL

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IN THE MATTER OF:

THE GAS GROUP

FILED

MAY 28 1999

PUBLIC SERVICE
COMMISSION

ALLEGED VIOLATIONS OF KRS 278.020,
KRS 278.160; 807 KAR 5:022,
SECTIONS 14(5)(a); 14(5)(c)(2);
13(9), AND 807 KAR 5:023, AND
49 CFR 192.707(a); 192.707(d)(2);
192.615, and 49 CFR 199

CASE NO. 99-130

TRANSCRIPT OF EVIDENCE

DATE OF HEARING: MAY 18, 1999

APPEARANCES

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HON. PAUL SHAPIRO, HEARING OFFICER

HON. DALE WRIGHT, COUNSEL FOR COMMISSION STAFF

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I N D E X

PAGE NO.

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HEARING OFFICER SHAPIRO:

This is a hearing before the Kentucky Public Service Commission in the matter of the alleged violations of KRS 278.020, KRS 278.160, 807 KAR 5:022, Sections 14(5)(a), 14(5)(c)(2), 13(9), and 807 KAR 5:023, and 49 CFR 192.707(a), 192.707(d)(2), 192.615, and 49 CFR 199. It's Docket No. 99-130, The Gas Group. The hearing was scheduled this morning by Order of the Commission entered on April 14, 1999, to begin at 10:00 a.m., and notice of the hearing was served on The Gas Group in accordance with Commission regulations. It is now ten after ten, and The Gas Group has not appeared nor is it represented by counsel. However, the hearing will proceed in accordance with the Order. First of all, I'll ask who is appearing on behalf of Commission Staff.

MR. WRIGHT:

Dale Wright.

HEARING OFFICER SHAPIRO:

Okay. Mr. Wright, do you have any witnesses you wish to present?

MR. WRIGHT:

Yes, sir, I do. I have five.

HEARING OFFICER SHAPIRO:

Let's call your first witness.

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MR. WRIGHT:

I'll call Jordan Neel, please.

HEARING OFFICER SHAPIRO:

Mr. Neel, do you want to come around, please?

WITNESS SWORN

The witness, JORDAN C. NEEL, after having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. WRIGHT:

Q. Mr. Neel, state, for the record, your name, please.

A. Jordan C. Neel.

Q. By whom are you employed?

A. Kentucky Public Service Commission.

Q. How long have you been so employed?

A. Since 1983.

Q. What's your present and current position?

A. I am the Branch Manager of Tariff Review.

Q. Are you the physical custodian of the records of the Commission that are filed with the Commission involving schedules of rates and conditions of service or tariffs?

A. Yes, I am.

Q. Were you directed by the Executive Director, by memo, to make a search of your records for certain names?

A. Yes, I was.

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Q. Do you have those names in front of you?

A. Yes, sir.

Q. Would you read the names that you have there?

A. The Gas Group, The Gas Group, Inc., Basil C. Pollitt, Basil C. Pollitt d/b/a The Gas Group, Basil C. Pollitt d/b/a The Gas Group, Inc.

Q. Okay. After checking all of your records, did you locate any of those names under any combination?

A. No, sir.

Q. Does that mean, then, that there has not been any tariffs filed by any of those people, any of those names?

A. That's correct. We have no record showing that any of these entities have filed either a proposed or an approved tariff.

MR. WRIGHT:

Okay. Thank you, Mr. Neel. I would like to call Susan Hutcherson.

WITNESS SWORN

1 Q. Would you read them, please?
2 A. The Gas Group, The Gas Group, Inc., Basil C. Pollitt,
3 Basil C. Pollitt d/b/a The Gas Group, Basil C. Pollitt
4 d/b/a The Gas Group, Inc.
5 Q. In your record check, did you find where any
6 applications had been filed for a Certificate of Public
7 Convenience and Necessity by any of those names?
8 A. No.
9 Q. Did you find any Orders granting a Certificate?
10 A. No.
11 Q. Did you find any transfers to or from any of those
12 names?
13 A. No.
14 Q. Did you find any acquisitions to or from any of those
15 names?
16 A. No.
17 Q. Do you have a certified copy of the record that
18 certifies to a true and correct copy by the Executive
19 Director?
20 A. Yes.
21 MR. WRIGHT:
22 Your Honor, I would like to move that into
23 evidence as Exhibit 1.
24 HEARING OFFICER SHAPIRO:
25 So ordered. That will be Staff Exhibit 1.

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Q. At my request, Ms. Hutcherson, did you take a copy of the certified record and disassemble part of it and pull out a couple of pages?

A. Yes.

Q. Do you have those with you?

A. Yes.

Q. Okay. The first copy proposes to be a Summons and Notice. Can you do this for me? Can you read what's at the top of the - yes.

A. "Commonwealth of Kentucky, Before the Public Service Commission."

Q. Can you find and read the name of the case?

A. "In the Matter of: The Gas Group."

Q. Does it have a case number?

A. Case No. 99-130.

Q. In the almost middle upper part of that page, do you see a word that's in bold type and underlined?

A. Yes.

Q. What does it say?

A. Summons.

Q. Below the middle of the lower part, do you see another word capital bold underlined?

A. Yes.

Q. Would you read the paragraph under that, please?

1 A. "Please take notice that this case is set for hearing
2 on May 18, 1999 at 10:00 a.m., Eastern Daylight Time,
3 in Hearing Room 1 of the Commission's offices at 730
4 Schenkel Lane, Frankfort, Kentucky."
5 Q. Looking back up on the top of the page to the left, do
6 you see the word "Serve"?
7 A. Yes.
8 Q. And whose name and address is beside that?
9 A. Basil C. Pollitt.
10 Q. What's his address shown there?
11 A. 12004 Ridge Road.
12 Q. Now, is there some handwriting just below that?
13 A. Yes.
14 Q. Did you do that?
15 A. No.
16 Q. Do you know who did it?
17 A. No.
18 Q. What does it say?
19 A. 818 Ruby Place.
20 Q. Okay. There seems to be a stamp or an imprint of a
21 stamp up toward the upper right-hand corner of this
22 document. Does it bear a date?
23 A. Yes.
24 Q. What's that date?
25 A. 4-22-99.

1 Q. Can you read the signature on that?
2 A. Yes.
3 Q. What is it?
4 A. Gerald Griffin.
5 Q. Just above his name - it seems to have been etched in
6 the stamp - what do you read, just right above the
7 signature?
8 A. "Sheriff, Jefferson County, Ky."
9 Q. Okay. Turn to the second page of that. Would you
10 please read what's at the top of that page?
11 A. "Process Service Fee Receipt Form."
12 Q. Do you see written on there, in hand, "818 Ruby Place"?
13 Do you see that?
14 A. I see, "818 Ruby Place."
15 Q. Okay. What is that designated as?
16 A. Place of employment.
17 Q. Let's look down at the bottom right-hand part of the
18 document. Do you see a word "Served" there with a
19 blank behind it and the word "Not Served" with a blank
20 behind it?
21 A. Yes.
22 Q. Is one of those checked?
23 A. Yes.
24 Q. Which one?
25 A. "Served."

1 Q. And do you see the word "Service Date"?

2 A. Yes.

3 Q. What's that date?

4 A. 4-22-99.

5 MR. WRIGHT:

6 If Your Honor please, I would ask that this
7 collectively be moved into the record as Exhibit
8 2.

9 HEARING OFFICER SHAPIRO:

10 So ordered.

11 STAFF EXHIBIT 2

12 MR. WRIGHT:

13 Ms. Hutcherson, that's all I have. Thank you.

14 A. Thank you.

15 MR. WRIGHT:

16 I would like to call Bill Feldman.

17 WITNESS SWORN

18 The witness, WILLIAM FELDMAN, after having been
19 first duly sworn, testified as follows:

20 DIRECT EXAMINATION

21 BY MR. WRIGHT:

22 Q. Mr. Feldman, state your name for the record, please.

23 A. William Feldman.

24 Q. Who are you employed by?

25 A. Kentucky Public Service Commission.

1 Q. How long have you been so employed?
2 A. Since 1983.
3 Q. What is your current position with the Commission?
4 A. Assistant Director of the Filings Division.
5 Q. And how long have you held that position?
6 A. About three months.
7 Q. What are the general duties and responsibilities of
8 your position?
9 A. The main responsibility of my position is the keeper of
10 all financial and statistical reports from the
11 utilities.
12 Q. Okay. Did I ask you - well, let me go back and ask
13 this. What kind of a database do you maintain with
14 your computer?
15 A. I have a little over 100 different databases regarding
16 statistics, utilities, and everything else.
17 Q. Do you have to deal with every financial report that a
18 utility would file with the Commission?
19 A. Yes, I do.
20 Q. Did I ask you to get into your database to see if
21 anything had been applied for or had been issued
22 concerning certain names?
23 A. Yes, you did.
24 Q. Let me read the names to you; The Gas Group.
25 A. Uh-huh.

1 Q. Did you find anything?
2 A. I didn't find anything on any of them that the previous
3 witnesses . . .

4 Q. Nothing?

5 A. Nothing. I checked under ID names. I've got a
6 database for ID names and including aliases and former
7 names. I checked in the database of all the Orders
8 that have been issued since 1977, and there was no
9 record of any of them.

10 MR. WRIGHT:

11 That's all I have. Thank you. I'll call David
12 Kinman, please.

13 WITNESS SWORN

14 The witness, DAVID KINMAN, after having been first
15 duly sworn, testified as follows:

16 DIRECT EXAMINATION

17 BY MR. WRIGHT:

18 Q. Would you state your name for the record, Mr. Kinman?

19 A. David Kinman, K-i-n-m-a-n.

20 Q. Who are you employed by?

21 A. The Public Service Commission of Kentucky.

22 Q. How long have you been so employed?

23 A. Since 1986.

24 Q. What is your present position?

25 A. Gas Pipeline Safety Investigator.

1 Q. How long have you held that position?
2 A. Since 1986.
3 Q. What are the general duties and responsibilities of
4 your position?
5 A. We investigate gas companies for code violations, the
6 Federal Pipeline Safety Code as well as the Kentucky
7 Public Service Commission Safety Code violations.
8 Q. Is that all over the State of Kentucky?
9 A. Yes, sir.
10 Q. Did you work in the natural gas industry prior to your
11 employment with the Public Service Commission?
12 A. Yes. I worked for a private concern for 15 years. We
13 dealt primarily with leakage.
14 Q. Over the years of your experience involving natural
15 gas, have you ever had any special educational courses,
16 training, physical training, involving natural gas?
17 A. Yes, sir. Over the years, I've had numerous classes
18 through the Kentucky Gas Association, and a requirement
19 for employment here is a seven week course at the
20 Transportation Safety Institute in Oklahoma City
21 dealing specifically with pipeline safety.
22 Q. As time passes, do you continue to have courses and
23 training?
24 A. Yes, sir, it's a continual process.
25 Q. Do you know the name "The Gas Group"?

1 A. Yes, I do.

2 Q. Do you know the name "Basil C. Pollitt," . . .

3 A. Yes.

4 Q. . . . P-o-l-l-i-t-t?

5 A. Yes, sir.

6 Q. How did you get involved in this case?

7 A. On February 15, 1999, the State Highway Department

8 District Engineer's Office out of Bowling Green called

9 our offices requesting information about a pipeline

10 running along Highway 185 near Richardsville. There

11 was some proposed construction, and they felt the

12 pipeline was in the way there and wanted to know if we

13 knew the owner. None of us here had any knowledge of a

14 pipeline in the area.

15 Q. Okay. Did you say that's in Warren County?

16 A. Yes, sir.

17 Q. How far is Richardsville and in what direction from

18 Bowling Green?

19 A. Richardsville is probably about ten or twelve miles

20 north of Bowling Green.

21 Q. Okay. When did we get the call here at the Commission

22 regarding the Highway Department having a problem?

23 A. February 15, 1999.

24 Q. Do you know the name "Alan Gregory"?

25 A. Yes, sir, I do.

1 Q. How do you know him?

2 A. Alan is an Assistant State Fire Marshal who works the
3 Bowling Green area. We've worked on some incidents and
4 accidents and leakage in the area before prior to this.

5 Q. On February 16, 1999, did you get together with Alan
6 Gregory and go to the spot where the Highway Department
7 made the inquiry?

8 A. Yes, sir.

9 Q. At that spot and in that area, what did you observe?

10 A. Along Highway 185, we saw some meters located on
11 houses. We also went back off of 185 on surrounding
12 roads. We found some aboveground pipe that appears to
13 be a former compressor site.

14 Q. Now, you and I have talked about some differences in a
15 gathering line or a gathering system as opposed to a
16 distribution system. The Show Cause Order alleges that
17 this is a distribution system. Was there any way for
18 you to tell by the configuration of what you observed
19 which one this might be?

20 A. Yes, sir. The configuration of the meters that we saw
21 on houses were configured as a distribution system
22 would be. A farm tap requires two regulators and
23 relief valves, and this had neither of those.

24 Q. Do we regulate natural gas distribution facilities?

25 A. Yes, sir.

1 Q. Do you know the term "sour gas"?

2 A. Yes, sir, I do.

3 Q. Would you tell me what that means, please?

4 A. It means natural gas that has a concentration of

5 hydrogen sulfide in it.

6 Q. And why is sulfur - hydrogen sulfide?

7 A. Yes, sir.

8 Q. Tell the Commission why that's - tell them about it.

9 A. Hydrogen sulfide is a very dangerous product. OSHA

10 allows eight hours exposure at 20 parts per million.

11 It's fatal at 700 parts per million. When it comes in

12 contact with moisture, it forms a diluted solution of

13 hydrochloric acid. When it's burned, it forms sulfur

14 dioxide, which is also toxic. It's harmful to the

15 piping, any metal.

16 Q. Does it corrode the metal?

17 A. Yes, sir.

18 Q. In this particular area that we're talking about,

19 Highway 187 . . .

20 A. 185.

21 Q. . . . Highway 185 around Richardsville, has that area

22 of Kentucky and Warren County been known for wells that

23 produce hydrogen sulfide?

24 A. Yes, it has.

25 Q. Do you know whether or not this gas that we're talking

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about in this system contains any?

A. No, sir, I don't, at this point.

Q. What things or what matters do you need to know before you and other Staff members in our Gas Pipeline Branch here can take any other action?

A. We need to know the source of the gas, how many wells, where the valves are, where the regulators are, compressors, if any. We need to see a map. We just need to see an overall view of the whole thing to see what's there.

Q. Actually, other than the configuration that you identified, you don't know what's there; do you?

A. I have no idea.

Q. Do you know where the wells are?

A. No, sir.

Q. Based upon your years of experience and service in the natural gas field and your knowledge of producing wells in this area of Kentucky, were you able to determine whether or not in your mind this is a dangerous situation?

A. Yes, sir, I feel it is.

Q. Is it dangerous more from what you don't know than what we know?

A. Yes.

Q. I'm going to hand you a document, Mr. Kinman. Look

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that over and tell me what that is.

A. It's an Order to appear before the Public Service Commission.

Q. Is that a Show Cause Order in this case?

A. Yes, sir, it is.

Q. Does it bear Case No. 99-130?

A. That's correct.

Q. Turn to Page 2. On that particular page, I have highlighted the last sentence in Paragraph 2. Will you read that, please?

A. "Since that inspection was conducted, Commission Staff has attempted to contact and communicate with the alleged owner or operator of said facility without success."

Q. To your personal knowledge, after the incident on February 15, 1999, has Commission Staff tried to correspond by letter with the owner/operator?

A. Yes, sir, we have.

Q. Has there been any response from the owner/operator?

A. No, sir.

Q. To whom were these letters addressed?

A. Basil Pollitt.

Q. Do you believe that he's the owner and operator?

A. Yes, sir, to the best of my knowledge, he is.

Q. After your investigation?

1 A. Yes, sir.

2 Q. Mr. Kinman, I want to go back, and this is kind of out
3 of my league. Is that hydro sulfuric?

4 A. Hydrogen sulfide. I'm sorry . . .

5 Q. Okay. Which is it?

6 A. Hydrogen sulfide and it produces sulfuric acid.

7 Q. Oh, okay. Okay.

8 A. I misstated that earlier.

9 Q. That's all right. Is there anything - you know, you
10 were the individual down there with Mr. Gregory and you
11 made these observations. Is there anything that I
12 haven't questioned you about that you would like to put
13 into the record, any additional facts, comments?

14 A. No, sir, I don't think so, at this point.

15 MR. WRIGHT:

16 Thank you. That's all I need.

17 HEARING OFFICER SHAPIRO:

18 Just a second.

19 EXAMINATION

20 BY HEARING OFFICER SHAPIRO:

21 Q. Mr. Kinman, in the file, there's a report dated March
22 12, 1999, that you prepared; is that correct?

23 A. That's correct.

24 Q. And that report makes certain allegations of fact based
25 upon your investigation?

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A. Yes, sir, it does.

Q. And do you incorporate that report as part of your testimony here today?

A. Yes, sir.

Q. In the file, there is also an Order that I believe Mr. Wright has referred to as the Show Cause Order.

A. Yes.

Q. And it, too, makes certain allegations of fact. Have you read the Order?

A. Yes, sir, I have.

Q. And do you incorporate those allegations of fact in your testimony here today?

A. Yes, sir.

HEARING OFFICER SHAPIRO:

Thank you.

MR. WRIGHT:

Thank you, Your Honor. I skipped that. I would like to call Alan Gregory, please.

WITNESS SWORN

1 Q. Have you ever had to deal with natural gas emergencies,
2 leaks, fires?
3 A. Yes, sir, that's part of my response package.
4 Q. Have you had any specialized training or education
5 concerning all of this?
6 A. Yes, sir, I've had training in NFPA 54 and NFPA 58.
7 Q. What is your territory that you cover?
8 A. The area includes Warren County and the ten counties
9 surrounding that general area, sir.
10 Q. Okay. Mr. Gregory, you've sat and listened to Mr.
11 Kinman's testimony, . . .
12 A. Yes, sir.
13 Q. . . . and, in order not to get redundant, is there
14 anything that you disagree with on what he said in his
15 testimony?
16 A. No, sir.
17 Q. Would you sort of adopt his testimony as yours?
18 A. Yes, sir.
19 Q. Did you and Mr. Kinman locate and talk to a consumer
20 that's using gas from this system?
21 A. Yes, sir.
22 Q. Do you remember who it was?
23 A. It was a Doss. The name on the mailbox and the name
24 there was a Donald Doss.
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HEARING OFFICER SHAPIRO:

Could you spell that, please?

A. D- . . .

Q. It's Goss; isn't it?

A. G-o-s-s, Goss.

Q. Now, what did she say when you talked to her?

A. She told us where she was buying her gas from. She also had several complaints about the gas. She couldn't keep - her appliances that were on gas she had a hard time keeping it running. She also had a hard time getting anybody there to service it.

Q. Did she give you a name of a person in charge?

A. Yes, sir, she did.

Q. And what name was that?

A. Basil Pollitt.

Q. Okay. That's it. Did you also get a gas bill or a statement for gas services from Ms. Goss?

A. Yes, sir, I received one from her daughter.

Q. Is that a copy of Donald Goss' gas bill?

A. Yes, sir, it is.

Q. Where does he live?

A. It's showing 8748 Highway 185.

Q. Bowling Green?

A. Bowling Green.

Q. Do you see a meter reading time on there or a date, the

1 top left-hand part?

2 A. Oh, meter reading 25 January, '99.

3 Q. Okay. What is printed on the form, the gas bill or gas
4 statement form, at the top?

5 A. At the top? "The Gas Group, 818" it looks like "Rugby
6 Place, Louisville."

7 Q. Okay. Now, the top line, doesn't it read "The Gas
8 Group, Inc."?

9 A. Yes, sir.

10 Q. Okay. Now, what's printed on the gas bill at the
11 bottom?

12 A. The Gas Group, Inc.

13 Q. Address?

14 A. 818 Rugby Place, Louisville, Kentucky.

15 Q. Okay. Now, where is the original of this gas bill?

16 A. Apparently, the original is either misplaced or in a
17 different file.

18 Q. Is it your testimony that you personally made a copy of
19 this gas bill?

20 A. Yes, sir. It was made here in the Public Service
21 Building.

22 Q. Okay.

23 A. I hand carried it up here.

24 Q. And is that a copy of it?

25 A. Yes, sir.

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MR. WRIGHT:

I move that into evidence, Your Honor, I guess, as three.

HEARING OFFICER SHAPIRO:

Is that three, Connie, or four?

REPORTER:

That will be three.

HEARING OFFICER SHAPIRO:

Three?

STAFF EXHIBIT 3

Q. Since February 16, when you and Mr. Kinman went to the site that the Highway crew pointed out and observed the general area and tried to pick up and observe what you could, have you been back there since?

A. Yes, sir.

Q. When did you go back?

A. Last Friday.

Q. When you went back last Friday - well, let me ask you this, first. In everything that you all observed on the 16th of February, did you see any nametags, any information, leading to who ran this operation, who was involved in this facility? Did you see anything, any indication?

A. No, sir.

Q. When you went back - did you say last Friday?

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A. Yes, sir.

Q. Did you take some photographs?

A. Yes, sir.

MR. WRIGHT:

Your Honor, do you want to look at these?

HEARING OFFICER SHAPIRO:

That's okay.

Q. Let me hand you this photograph.

HEARING OFFICER SHAPIRO:

Well, let's mark it for identification as Staff Exhibit 4.

MR. WRIGHT:

Yeah, it'll be four.

STAFF EXHIBIT 4

Q. And you took that photograph?

A. Yes, sir.

Q. Does it represent the scene as you photographed it?

A. Yes, sir.

Q. What does it show?

A. It shows a gas line of some description that has not got a plug in it.

Q. Is that out of regulation, then?

A. Yes, sir.

Q. Let me hand you another photograph.

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HEARING OFFICER SHAPIRO:

Okay. Let's mark that as Staff Exhibit 5.

STAFF EXHIBIT 5

Q. I take it the same thing applies. You took that picture?

A. Yes, sir.

Q. Does it fairly and accurately represent what you took?

A. Yes, sir.

Q. What does it show?

A. It shows a valve riser assembly.

Q. And what's interesting about that, if anything?

A. Well, basically that the control handles are still on there and they're not secured.

Q. Are they supposed to be secured?

A. They will be if they're associated with the next picture you've got.

Q. Okay. Well, let me show you this photograph.

HEARING OFFICER SHAPIRO:

Mark that as Staff Exhibit 6.

STAFF EXHIBIT 6

Q. And let me hand you one last photograph.

HEARING OFFICER SHAPIRO:

Mark that as Staff Exhibit 7?

MR. WRIGHT:

I think it is.

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- Q. The same thing, you took the photograph, and it fairly and accurately represents the scene at the time you took the photograph?
- A. Yes, sir.
- Q. What is shown in that photograph?
- A. Which photograph; the last one?
- Q. The last one.
- A. The last one shows a pipeline marker with a telephone number on here to call with what's usually referred to as the responsible party for the line.
- Q. Can you read that?
- A. Yes, sir.
- Q. First of all, was it there when you all were there on the 16th?
- A. No, sir.
- Q. From observing it, does it look like it's new?
- A. It's fairly fresh, sir.
- Q. Okay. Can you read what that posting says?
- A. It says, "Gas Pipeline. Before excavating or in Emergency call The Gas Group 1-800-484-8315 Ext. 6497 Day or Night."
- Q. Now, is that part of this system we've been talking about all morning?
- A. I would say it was, sir.

1 Q. Okay. Now, given the fact that you've dealt with some
2 emergencies involving natural gas and you've had
3 training in hazardous material, including natural gas,
4 from what you've observed and from what's been
5 testified to, do you feel like that that's a
6 potentially dangerous situation?

7 A. Yes, sir.

8 REPORTER:

9 Is this Rugby Place or Ruby, R-u-g-b-y? I've seen
10 it both ways.

11 MR. WRIGHT:

12 It's Rugby. It's Rugby but, on the Summons, it's
13 Ruby.

14 REPORTER:

15 Okay.

16 MR. WRIGHT:

17 Mr. Gregory, I think that's all the questions I
18 have for you, and I appreciate you coming up from
19 your area of the country to be a witness in this
20 case. Thank you.

21 HEARING OFFICER SHAPIRO:

22 Thank you, Mr. Gregory.

23 MR. WRIGHT:

24 Your Honor, if I haven't done it, I want to make a
25 coverall motion to move all the Exhibits into

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evidence.

HEARING OFFICER SHAPIRO:

Okay. All right. That will be Exhibits 1 through
7, Connie?

REPORTER:

Yes.

HEARING OFFICER SHAPIRO:

So ordered.

STAFF EXHIBITS 1-7

MR. WRIGHT:

Your Honor, that's the case.

HEARING OFFICER SHAPIRO:

Okay. Thank you. The hearing is adjourned.

FURTHER THE WITNESSES SAITH NOT
HEARING ADJOURNED
OFF THE RECORD

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STATE OF KENTUCKY
COUNTY OF FRANKLIN

I, Connie Sewell, the undersigned Notary Public, in and for the State of Kentucky at Large, do hereby certify the foregoing transcript is a complete and accurate transcript, to the best of my ability, of the hearing taken down by me in this matter, as styled on the first page of this transcript; that said hearing was first taken down by me in shorthand and mechanically recorded and later transcribed under my supervision; that the witnesses were first duly sworn before testifying.

My commission will expire November 19, 2001.

Given under my hand at Frankfort, Kentucky, this the 27th day of May, 1999.

Connie Sewell
Connie Sewell, Notary Public
State of Kentucky at Large
1705 South Benson Road
Frankfort, Kentucky 40601
Phone: (502) 875-4272

COPY

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

FILED

MAY 28 1999

PUBLIC SERVICE
COMMISSION

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4 IN THE MATTER OF:

5 THE GAS GROUP

6
7 ALLEGED VIOLATIONS OF KRS 278.020,
8 KRS 278.160; 807 KAR 5:022,
9 SECTIONS 14(5)(a); 14(5)(c)(2);
10 13(9), AND 807 KAR 5:023, AND
11 49 CFR 192.707(a); 192.707(d)(2);
12 192.615, and 49 CFR 199

13 CASE NO. 99-130
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17 TRANSCRIPT OF EVIDENCE
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24 DATE OF HEARING: MAY 18, 1999
25

APPEARANCES

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HON. PAUL SHAPIRO, HEARING OFFICER

HON. DALE WRIGHT, COUNSEL FOR COMMISSION STAFF

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I N D E X

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HEARING OFFICER SHAPIRO:

This is a hearing before the Kentucky Public Service Commission in the matter of the alleged violations of KRS 278.020, KRS 278.160, 807 KAR 5:022, Sections 14(5)(a), 14(5)(c)(2), 13(9), and 807 KAR 5:023, and 49 CFR 192.707(a), 192.707(d)(2), 192.615, and 49 CFR 199. It's Docket No. 99-130, The Gas Group. The hearing was scheduled this morning by Order of the Commission entered on April 14, 1999, to begin at 10:00 a.m., and notice of the hearing was served on The Gas Group in accordance with Commission regulations. It is now ten after ten, and The Gas Group has not appeared nor is it represented by counsel. However, the hearing will proceed in accordance with the Order. First of all, I'll ask who is appearing on behalf of Commission Staff.

MR. WRIGHT:

Dale Wright.

HEARING OFFICER SHAPIRO:

Okay. Mr. Wright, do you have any witnesses you wish to present?

MR. WRIGHT:

Yes, sir, I do. I have five.

HEARING OFFICER SHAPIRO:

Let's call your first witness.

1 MR. WRIGHT:

2 I'll call Jordan Neel, please.

3 HEARING OFFICER SHAPIRO:

4 Mr. Neel, do you want to come around, please?

5 WITNESS SWORN

6 The witness, JORDAN C. NEEL, after having been
7 first duly sworn, testified as follows:

8 DIRECT EXAMINATION

9 BY MR. WRIGHT:

10 Q. Mr. Neel, state, for the record, your name, please.

11 A. Jordan C. Neel.

12 Q. By whom are you employed?

13 A. Kentucky Public Service Commission.

14 Q. How long have you been so employed?

15 A. Since 1983.

16 Q. What's your present and current position?

17 A. I am the Branch Manager of Tariff Review.

18 Q. Are you the physical custodian of the records of the
19 Commission that are filed with the Commission involving
20 schedules of rates and conditions of service or
21 tariffs?

22 A. Yes, I am.

23 Q. Were you directed by the Executive Director, by memo,
24 to make a search of your records for certain names?

25 A. Yes, I was.

1 Q. Do you have those names in front of you?
2 A. Yes, sir.
3 Q. Would you read the names that you have there?
4 A. The Gas Group, The Gas Group, Inc., Basil C. Pollitt,
5 Basil C. Pollitt d/b/a The Gas Group, Basil C. Pollitt
6 d/b/a The Gas Group, Inc.
7 Q. Okay. After checking all of your records, did you
8 locate any of those names under any combination?
9 A. No, sir.
10 Q. Does that mean, then, that there has not been any
11 tariffs filed by any of those people, any of those
12 names?
13 A. That's correct. We have no record showing that any of
14 these entities have filed either a proposed or an
15 approved tariff.

16 MR. WRIGHT:

17 Okay. Thank you, Mr. Neel. I would like to call
18 Susan Hutcherson.

19 WITNESS SWORN
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The witness, SUSAN HUTCHERSON, after having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. WRIGHT:

Q. Would you state your name, please?

A. Susan Hutcherson.

Q. By whom are you employed?

A. Kentucky Public Service Commission.

Q. And how long have you been employed by the Commission?

A. Since 1976.

Q. What's your current position?

A. Branch Manager of the Docket Branch.

Q. How long have you held that position?

A. Since 1990.

Q. Are you the physical custodian of the records that involves show cause proceedings like this and other records of the Commission?

A. Yes.

Q. Were you asked and directed by the Executive Director of the Commission to look at all of your records concerning certain names to see if they showed up on anything?

A. Yes.

Q. Okay. Do you have the names in front of you?

A. Yes.

1 Q. Would you read them, please?

2 A. The Gas Group, The Gas Group, Inc., Basil C. Pollitt,
3 Basil C. Pollitt d/b/a The Gas Group, Basil C. Pollitt
4 d/b/a The Gas Group, Inc.

5 Q. In your record check, did you find where any
6 applications had been filed for a Certificate of Public
7 Convenience and Necessity by any of those names?

8 A. No.

9 Q. Did you find any Orders granting a Certificate?

10 A. No.

11 Q. Did you find any transfers to or from any of those
12 names?

13 A. No.

14 Q. Did you find any acquisitions to or from any of those
15 names?

16 A. No.

17 Q. Do you have a certified copy of the record that
18 certifies to a true and correct copy by the Executive
19 Director?

20 A. Yes.

21 MR. WRIGHT:

22 Your Honor, I would like to move that into
23 evidence as Exhibit 1.

24 HEARING OFFICER SHAPIRO:

25 So ordered. That will be Staff Exhibit 1.

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Q. At my request, Ms. Hutcherson, did you take a copy of the certified record and disassemble part of it and pull out a couple of pages?

A. Yes.

Q. Do you have those with you?

A. Yes.

Q. Okay. The first copy proposes to be a Summons and Notice. Can you do this for me? Can you read what's at the top of the - yes.

A. "Commonwealth of Kentucky, Before the Public Service Commission."

Q. Can you find and read the name of the case?

A. "In the Matter of: The Gas Group."

Q. Does it have a case number?

A. Case No. 99-130.

Q. In the almost middle upper part of that page, do you see a word that's in bold type and underlined?

A. Yes.

Q. What does it say?

A. Summons.

Q. Below the middle of the lower part, do you see another word capital bold underlined?

A. Yes.

Q. Would you read the paragraph under that, please?

1 A. "Please take notice that this case is set for hearing
2 on May 18, 1999 at 10:00 a.m., Eastern Daylight Time,
3 in Hearing Room 1 of the Commission's offices at 730
4 Schenkel Lane, Frankfort, Kentucky."
5 Q. Looking back up on the top of the page to the left, do
6 you see the word "Serve"?
7 A. Yes.
8 Q. And whose name and address is beside that?
9 A. Basil C. Pollitt.
10 Q. What's his address shown there?
11 A. 12004 Ridge Road.
12 Q. Now, is there some handwriting just below that?
13 A. Yes.
14 Q. Did you do that?
15 A. No.
16 Q. Do you know who did it?
17 A. No.
18 Q. What does it say?
19 A. 818 Ruby Place.
20 Q. Okay. There seems to be a stamp or an imprint of a
21 stamp up toward the upper right-hand corner of this
22 document. Does it bear a date?
23 A. Yes.
24 Q. What's that date?
25 A. 4-22-99.

1 Q. Can you read the signature on that?
2 A. Yes.
3 Q. What is it?
4 A. Gerald Griffin.
5 Q. Just above his name - it seems to have been etched in
6 the stamp - what do you read, just right above the
7 signature?
8 A. "Sheriff, Jefferson County, Ky."
9 Q. Okay. Turn to the second page of that. Would you
10 please read what's at the top of that page?
11 A. "Process Service Fee Receipt Form."
12 Q. Do you see written on there, in hand, "818 Ruby Place"?
13 Do you see that?
14 A. I see, "818 Ruby Place."
15 Q. Okay. What is that designated as?
16 A. Place of employment.
17 Q. Let's look down at the bottom right-hand part of the
18 document. Do you see a word "Served" there with a
19 blank behind it and the word "Not Served" with a blank
20 behind it?
21 A. Yes.
22 Q. Is one of those checked?
23 A. Yes.
24 Q. Which one?
25 A. "Served."

1 Q. And do you see the word "Service Date"?

2 A. Yes.

3 Q. What's that date?

4 A. 4-22-99.

5 MR. WRIGHT:

6 If Your Honor please, I would ask that this
7 collectively be moved into the record as Exhibit
8 2.

9 HEARING OFFICER SHAPIRO:

10 So ordered.

11 STAFF EXHIBIT 2

12 MR. WRIGHT:

13 Ms. Hutcherson, that's all I have. Thank you.

14 A. Thank you.

15 MR. WRIGHT:

16 I would like to call Bill Feldman.

17 WITNESS SWORN

18 The witness, WILLIAM FELDMAN, after having been
19 first duly sworn, testified as follows:

20 DIRECT EXAMINATION

21 BY MR. WRIGHT:

22 Q. Mr. Feldman, state your name for the record, please.

23 A. William Feldman.

24 Q. Who are you employed by?

25 A. Kentucky Public Service Commission.

1 Q. How long have you been so employed?
2 A. Since 1983.
3 Q. What is your current position with the Commission?
4 A. Assistant Director of the Filings Division.
5 Q. And how long have you held that position?
6 A. About three months.
7 Q. What are the general duties and responsibilities of
8 your position?
9 A. The main responsibility of my position is the keeper of
10 all financial and statistical reports from the
11 utilities.
12 Q. Okay. Did I ask you - well, let me go back and ask
13 this. What kind of a database do you maintain with
14 your computer?
15 A. I have a little over 100 different databases regarding
16 statistics, utilities, and everything else.
17 Q. Do you have to deal with every financial report that a
18 utility would file with the Commission?
19 A. Yes, I do.
20 Q. Did I ask you to get into your database to see if
21 anything had been applied for or had been issued
22 concerning certain names?
23 A. Yes, you did.
24 Q. Let me read the names to you; The Gas Group.
25 A. Uh-huh.

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Q. Did you find anything?

A. I didn't find anything on any of them that the previous witnesses . . .

Q. Nothing?

A. Nothing. I checked under ID names. I've got a database for ID names and including aliases and former names. I checked in the database of all the Orders that have been issued since 1977, and there was no record of any of them.

MR. WRIGHT:

That's all I have. Thank you. I'll call David Kinman, please.

WITNESS SWORN

The witness, DAVID KINMAN, after having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. WRIGHT:

Q. Would you state your name for the record, Mr. Kinman?

A. David Kinman, K-i-n-m-a-n.

Q. Who are you employed by?

A. The Public Service Commission of Kentucky.

Q. How long have you been so employed?

A. Since 1986.

Q. What is your present position?

A. Gas Pipeline Safety Investigator.

1 Q. How long have you held that position?
2 A. Since 1986.
3 Q. What are the general duties and responsibilities of
4 your position?
5 A. We investigate gas companies for code violations, the
6 Federal Pipeline Safety Code as well as the Kentucky
7 Public Service Commission Safety Code violations.
8 Q. Is that all over the State of Kentucky?
9 A. Yes, sir.
10 Q. Did you work in the natural gas industry prior to your
11 employment with the Public Service Commission?
12 A. Yes. I worked for a private concern for 15 years. We
13 dealt primarily with leakage.
14 Q. Over the years of your experience involving natural
15 gas, have you ever had any special educational courses,
16 training, physical training, involving natural gas?
17 A. Yes, sir. Over the years, I've had numerous classes
18 through the Kentucky Gas Association, and a requirement
19 for employment here is a seven week course at the
20 Transportation Safety Institute in Oklahoma City
21 dealing specifically with pipeline safety.
22 Q. As time passes, do you continue to have courses and
23 training?
24 A. Yes, sir, it's a continual process.
25 Q. Do you know the name "The Gas Group"?

1 A. Yes, I do.

2 Q. Do you know the name "Basil C. Pollitt," . . .

3 A. Yes.

4 Q. . . . P-o-l-l-i-t-t?

5 A. Yes, sir.

6 Q. How did you get involved in this case?

7 A. On February 15, 1999, the State Highway Department

8 District Engineer's Office out of Bowling Green called

9 our offices requesting information about a pipeline

10 running along Highway 185 near Richardsville. There

11 was some proposed construction, and they felt the

12 pipeline was in the way there and wanted to know if we

13 knew the owner. None of us here had any knowledge of a

14 pipeline in the area.

15 Q. Okay. Did you say that's in Warren County?

16 A. Yes, sir.

17 Q. How far is Richardsville and in what direction from

18 Bowling Green?

19 A. Richardsville is probably about ten or twelve miles

20 north of Bowling Green.

21 Q. Okay. When did we get the call here at the Commission

22 regarding the Highway Department having a problem?

23 A. February 15, 1999.

24 Q. Do you know the name "Alan Gregory"?

25 A. Yes, sir, I do.

1 Q. How do you know him?

2 A. Alan is an Assistant State Fire Marshal who works the
3 Bowling Green area. We've worked on some incidents and
4 accidents and leakage in the area before prior to this.

5 Q. On February 16, 1999, did you get together with Alan
6 Gregory and go to the spot where the Highway Department
7 made the inquiry?

8 A. Yes, sir.

9 Q. At that spot and in that area, what did you observe?

10 A. Along Highway 185, we saw some meters located on
11 houses. We also went back off of 185 on surrounding
12 roads. We found some aboveground pipe that appears to
13 be a former compressor site.

14 Q. Now, you and I have talked about some differences in a
15 gathering line or a gathering system as opposed to a
16 distribution system. The Show Cause Order alleges that
17 this is a distribution system. Was there any way for
18 you to tell by the configuration of what you observed
19 which one this might be?

20 A. Yes, sir. The configuration of the meters that we saw
21 on houses were configured as a distribution system
22 would be. A farm tap requires two regulators and
23 relief valves, and this had neither of those.

24 Q. Do we regulate natural gas distribution facilities?

25 A. Yes, sir.

1 Q. Do you know the term "sour gas"?

2 A. Yes, sir, I do.

3 Q. Would you tell me what that means, please?

4 A. It means natural gas that has a concentration of

5 hydrogen sulfide in it.

6 Q. And why is sulfur - hydrogen sulfide?

7 A. Yes, sir.

8 Q. Tell the Commission why that's - tell them about it.

9 A. Hydrogen sulfide is a very dangerous product. OSHA

10 allows eight hours exposure at 20 parts per million.

11 It's fatal at 700 parts per million. When it comes in

12 contact with moisture, it forms a diluted solution of

13 hydrochloric acid. When it's burned, it forms sulfur

14 dioxide, which is also toxic. It's harmful to the

15 piping, any metal.

16 Q. Does it corrode the metal?

17 A. Yes, sir.

18 Q. In this particular area that we're talking about,

19 Highway 187 . . .

20 A. 185.

21 Q. . . . Highway 185 around Richardsville, has that area

22 of Kentucky and Warren County been known for wells that

23 produce hydrogen sulfide?

24 A. Yes, it has.

25 Q. Do you know whether or not this gas that we're talking

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about in this system contains any?

A. No, sir, I don't, at this point.

Q. What things or what matters do you need to know before you and other Staff members in our Gas Pipeline Branch here can take any other action?

A. We need to know the source of the gas, how many wells, where the valves are, where the regulators are, compressors, if any. We need to see a map. We just need to see an overall view of the whole thing to see what's there.

Q. Actually, other than the configuration that you identified, you don't know what's there; do you?

A. I have no idea.

Q. Do you know where the wells are?

A. No, sir.

Q. Based upon your years of experience and service in the natural gas field and your knowledge of producing wells in this area of Kentucky, were you able to determine whether or not in your mind this is a dangerous situation?

A. Yes, sir, I feel it is.

Q. Is it dangerous more from what you don't know than what we know?

A. Yes.

Q. I'm going to hand you a document, Mr. Kinman. Look

1 that over and tell me what that is.

2 A. It's an Order to appear before the Public Service
3 Commission.

4 Q. Is that a Show Cause Order in this case?

5 A. Yes, sir, it is.

6 Q. Does it bear Case No. 99-130?

7 A. That's correct.

8 Q. Turn to Page 2. On that particular page, I have
9 highlighted the last sentence in Paragraph 2. Will you
10 read that, please?

11 A. "Since that inspection was conducted, Commission Staff
12 has attempted to contact and communicate with the
13 alleged owner or operator of said facility without
14 success."

15 Q. To your personal knowledge, after the incident on
16 February 15, 1999, has Commission Staff tried to
17 correspond by letter with the owner/operator?

18 A. Yes, sir, we have.

19 Q. Has there been any response from the owner/operator?

20 A. No, sir.

21 Q. To whom were these letters addressed?

22 A. Basil Pollitt.

23 Q. Do you believe that he's the owner and operator?

24 A. Yes, sir, to the best of my knowledge, he is.

25 Q. After your investigation?

1 A. Yes, sir.
2 Q. Mr. Kinman, I want to go back, and this is kind of out
3 of my league. Is that hydro sulfuric?
4 A. Hydrogen sulfide. I'm sorry . . .
5 Q. Okay. Which is it?
6 A. Hydrogen sulfide and it produces sulfuric acid.
7 Q. Oh, okay. Okay.
8 A. I misstated that earlier.
9 Q. That's all right. Is there anything - you know, you
10 were the individual down there with Mr. Gregory and you
11 made these observations. Is there anything that I
12 haven't questioned you about that you would like to put
13 into the record, any additional facts, comments?
14 A. No, sir, I don't think so, at this point.
15 MR. WRIGHT:
16 Thank you. That's all I need.
17 HEARING OFFICER SHAPIRO:
18 Just a second.
19 EXAMINATION
20 BY HEARING OFFICER SHAPIRO:
21 Q. Mr. Kinman, in the file, there's a report dated March
22 12, 1999, that you prepared; is that correct?
23 A. That's correct.
24 Q. And that report makes certain allegations of fact based
25 upon your investigation?

1 A. Yes, sir, it does.
2 Q. And do you incorporate that report as part of your
3 testimony here today?
4 A. Yes, sir.
5 Q. In the file, there is also an Order that I believe Mr.
6 Wright has referred to as the Show Cause Order.
7 A. Yes.
8 Q. And it, too, makes certain allegations of fact. Have
9 you read the Order?
10 A. Yes, sir, I have.
11 Q. And do you incorporate those allegations of fact in
12 your testimony here today?
13 A. Yes, sir.

14 HEARING OFFICER SHAPIRO:

15 Thank you.

16 MR. WRIGHT:

17 Thank you, Your Honor. I skipped that. I would
18 like to call Alan Gregory, please.

19 WITNESS SWORN

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The witness, ALAN GREGORY, after having been first
duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. WRIGHT:

Q. Would you state your name, please?

A. Alan Gregory.

Q. Where do you live, Mr. Gregory?

A. I live in Logan County.

Q. By whom are you employed?

A. I'm employed by the Kentucky State Fire Marshal's
Office.

Q. How long have you been employed by them?

A. Right at four years.

Q. Okay. That's your current position, is Assistant . . .

A. I'm a Hazardous Material Inspector.

Q. Okay. So there's a specialty in your title?

A. Right.

Q. All right.

A. Yes, sir.

Q. Is natural gas considered in that hazardous range?

A. It falls into that range when it becomes either loose
or getting out of the actual control system that it's
in.

Q. Have you ever had to deal with that?

A. Yes, sir.

1 Q. Have you ever had to deal with natural gas emergencies,
2 leaks, fires?
3 A. Yes, sir, that's part of my response package.
4 Q. Have you had any specialized training or education
5 concerning all of this?
6 A. Yes, sir, I've had training in NFPA 54 and NFPA 58.
7 Q. What is your territory that you cover?
8 A. The area includes Warren County and the ten counties
9 surrounding that general area, sir.
10 Q. Okay. Mr. Gregory, you've sat and listened to Mr.
11 Kinman's testimony, . . .
12 A. Yes, sir.
13 Q. . . . and, in order not to get redundant, is there
14 anything that you disagree with on what he said in his
15 testimony?
16 A. No, sir.
17 Q. Would you sort of adopt his testimony as yours?
18 A. Yes, sir.
19 Q. Did you and Mr. Kinman locate and talk to a consumer
20 that's using gas from this system?
21 A. Yes, sir.
22 Q. Do you remember who it was?
23 A. It was a Doss. The name on the mailbox and the name
24 there was a Donald Doss.
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HEARING OFFICER SHAPIRO:

Could you spell that, please?

A. D- . . .

Q. It's Goss; isn't it?

A. G-o-s-s, Goss.

Q. Now, what did she say when you talked to her?

A. She told us where she was buying her gas from. She also had several complaints about the gas. She couldn't keep - her appliances that were on gas she had a hard time keeping it running. She also had a hard time getting anybody there to service it.

Q. Did she give you a name of a person in charge?

A. Yes, sir, she did.

Q. And what name was that?

A. Basil Pollitt.

Q. Okay. That's it. Did you also get a gas bill or a statement for gas services from Ms. Goss?

A. Yes, sir, I received one from her daughter.

Q. Is that a copy of Donald Goss' gas bill?

A. Yes, sir, it is.

Q. Where does he live?

A. It's showing 8748 Highway 185.

Q. Bowling Green?

A. Bowling Green.

Q. Do you see a meter reading time on there or a date, the

1 top left-hand part?

2 A. Oh, meter reading 25 January, '99.

3 Q. Okay. What is printed on the form, the gas bill or gas
4 statement form, at the top?

5 A. At the top? "The Gas Group, 818" it looks like "Rugby
6 Place, Louisville."

7 Q. Okay. Now, the top line, doesn't it read "The Gas
8 Group, Inc."?

9 A. Yes, sir.

10 Q. Okay. Now, what's printed on the gas bill at the
11 bottom?

12 A. The Gas Group, Inc.

13 Q. Address?

14 A. 818 Rugby Place, Louisville, Kentucky.

15 Q. Okay. Now, where is the original of this gas bill?

16 A. Apparently, the original is either misplaced or in a
17 different file.

18 Q. Is it your testimony that you personally made a copy of
19 this gas bill?

20 A. Yes, sir. It was made here in the Public Service
21 Building.

22 Q. Okay.

23 A. I hand carried it up here.

24 Q. And is that a copy of it?

25 A. Yes, sir.

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MR. WRIGHT:

I move that into evidence, Your Honor, I guess, as three.

HEARING OFFICER SHAPIRO:

Is that three, Connie, or four?

REPORTER:

That will be three.

HEARING OFFICER SHAPIRO:

Three?

STAFF EXHIBIT 3

Q. Since February 16, when you and Mr. Kinman went to the site that the Highway crew pointed out and observed the general area and tried to pick up and observe what you could, have you been back there since?

A. Yes, sir.

Q. When did you go back?

A. Last Friday.

Q. When you went back last Friday - well, let me ask you this, first. In everything that you all observed on the 16th of February, did you see any nametags, any information, leading to who ran this operation, who was involved in this facility? Did you see anything, any indication?

A. No, sir.

Q. When you went back - did you say last Friday?

1 A. Yes, sir.

2 Q. Did you take some photographs?

3 A. Yes, sir.

4 MR. WRIGHT:

5 Your Honor, do you want to look at these?

6 HEARING OFFICER SHAPIRO:

7 That's okay.

8 Q. Let me hand you this photograph.

9 HEARING OFFICER SHAPIRO:

10 Well, let's mark it for identification as Staff

11 Exhibit 4.

12 MR. WRIGHT:

13 Yeah, it'll be four.

14 STAFF EXHIBIT 4

15 Q. And you took that photograph?

16 A. Yes, sir.

17 Q. Does it represent the scene as you photographed it?

18 A. Yes, sir.

19 Q. What does it show?

20 A. It shows a gas line of some description that has not

21 got a plug in it.

22 Q. Is that out of regulation, then?

23 A. Yes, sir.

24 Q. Let me hand you another photograph.

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HEARING OFFICER SHAPIRO:

Okay. Let's mark that as Staff Exhibit 5.

STAFF EXHIBIT 5

Q. I take it the same thing applies. You took that picture?

A. Yes, sir.

Q. Does it fairly and accurately represent what you took?

A. Yes, sir.

Q. What does it show?

A. It shows a valve riser assembly.

Q. And what's interesting about that, if anything?

A. Well, basically that the control handles are still on there and they're not secured.

Q. Are they supposed to be secured?

A. They will be if they're associated with the next picture you've got.

Q. Okay. Well, let me show you this photograph.

HEARING OFFICER SHAPIRO:

Mark that as Staff Exhibit 6.

STAFF EXHIBIT 6

Q. And let me hand you one last photograph.

HEARING OFFICER SHAPIRO:

Mark that as Staff Exhibit 7?

MR. WRIGHT:

I think it is.

- 1
- 2 Q. The same thing, you took the photograph, and it fairly
- 3 and accurately represents the scene at the time you
- 4 took the photograph?
- 5 A. Yes, sir.
- 6 Q. What is shown in that photograph?
- 7 A. Which photograph; the last one?
- 8 Q. The last one.
- 9 A. The last one shows a pipeline marker with a telephone
- 10 number on here to call with what's usually referred to
- 11 as the responsible party for the line.
- 12 Q. Can you read that?
- 13 A. Yes, sir.
- 14 Q. First of all, was it there when you all were there on
- 15 the 16th?
- 16 A. No, sir.
- 17 Q. From observing it, does it look like it's new?
- 18 A. It's fairly fresh, sir.
- 19 Q. Okay. Can you read what that posting says?
- 20 A. It says, "Gas Pipeline. Before excavating or in
- 21 Emergency call The Gas Group 1-800-484-8315 Ext. 6497
- 22 Day or Night."
- 23 Q. Now, is that part of this system we've been talking
- 24 about all morning?
- 25 A. I would say it was, sir.

1 Q. Okay. Now, given the fact that you've dealt with some
2 emergencies involving natural gas and you've had
3 training in hazardous material, including natural gas,
4 from what you've observed and from what's been
5 testified to, do you feel like that that's a
6 potentially dangerous situation?

7 A. Yes, sir.

8 REPORTER:

9 Is this Rugby Place or Ruby, R-u-g-b-y? I've seen
10 it both ways.

11 MR. WRIGHT:

12 It's Rugby. It's Rugby but, on the Summons, it's
13 Ruby.

14 REPORTER:

15 Okay.

16 MR. WRIGHT:

17 Mr. Gregory, I think that's all the questions I
18 have for you, and I appreciate you coming up from
19 your area of the country to be a witness in this
20 case. Thank you.

21 HEARING OFFICER SHAPIRO:

22 Thank you, Mr. Gregory.

23 MR. WRIGHT:

24 Your Honor, if I haven't done it, I want to make a
25 coverall motion to move all the Exhibits into

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evidence.

HEARING OFFICER SHAPIRO:

Okay. All right. That will be Exhibits 1 through
7, Connie?

REPORTER:

Yes.

HEARING OFFICER SHAPIRO:

So ordered.

STAFF EXHIBITS 1-7

MR. WRIGHT:

Your Honor, that's the case.

HEARING OFFICER SHAPIRO:

Okay. Thank you. The hearing is adjourned.

FURTHER THE WITNESSES SAITH NOT
HEARING ADJOURNED
OFF THE RECORD

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STATE OF KENTUCKY
COUNTY OF FRANKLIN

I, Connie Sewell, the undersigned Notary Public, in and for the State of Kentucky at Large, do hereby certify the foregoing transcript is a complete and accurate transcript, to the best of my ability, of the hearing taken down by me in this matter, as styled on the first page of this transcript; that said hearing was first taken down by me in shorthand and mechanically recorded and later transcribed under my supervision; that the witnesses were first duly sworn before testifying.

My commission will expire November 19, 2001.

Given under my hand at Frankfort, Kentucky, this the 27th day of May, 1999.

Connie Sewell
Connie Sewell, Notary Public
State of Kentucky at Large
1705 South Benson Road
Frankfort, Kentucky 40601
Phone: (502) 875-4272

FILED

MAY 28 1999

PUBLIC SERVICE
COMMISSION

CERTIFICATION OF RECORD

I, Helen C. Helton, Executive Director of the Public Service Commission of Kentucky, do hereby certify that the attached record is a true and correct copy of the original record in PSC Case No. 99-130.



Helen C. Helton, Executive Director
Public Service Commission

Staff Exhibit 1

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Helen C. Helton
Executive Director

FROM: Dale Wright *DW*
Legal Staff

DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt
Case No. 99-130

Next Tuesday, May 18, 1999, at 10:00 a.m. there will be a show cause hearing in Hearing Room No. 1. This case involves the operation of a dangerous natural gas distribution system in Warren County, Kentucky. One of the major allegations of violation of the show cause is that the Commission has not issued a Certificate of Convenience and Necessity or has authorized the acquisition or transfer to, for, or on behalf of The Gas Group or Basil C. Pollitt. Pursuant to KRS 278.090, as Executive Director, you maintain the official records of the Commission.

First, I request that you direct Susan Hutcherson to make a copy of the entire original record in the above-named case and that you as Executive Director certify that the copy of the record is a true copy of the original record under Commission seal. Second, please direct Susan Hutcherson to search the records of the Commission to determine whether a Certificate of Convenience and Necessity has ever been issued in any of the names listed below. Also for her to determine whether the Commission has ever authorized an acquisition or transfer in any of the listed names. The names are as follows:

The Gas Group
The Gas Group, Inc.
Basil C. Pollitt
Basil C. Pollitt d/b/a The Gas Group
Basil C. Pollitt d/b/a The Gas Group, Inc.

I will use Susan Hutcherson as a witness to prove the above-stated facts.

Thank you.

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Susan Hutcherson
Administrative Branch Manager
Docket Branch

FROM: Helen C. Helton *Helen C. Helton*
Executive Director

DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt

Attached you will find a copy of a memo to me from Dale Wright of the Legal Staff. Please take this as my official directive that you accomplish that which Mr. Wright has requested. Your testimony will be necessary Tuesday, May 18, 1999 at a show cause hearing. If you have any questions, please contact Dale at extension 235.

Thank you.

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Helen C. Helton
Executive Director

FROM: Dale Wright *DW*
Legal Staff

DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt
Case No. 99-130

Next Tuesday, May 18, 1999, at 10:00 a.m. there will be a show cause hearing in Hearing Room No. 1. This case involves the operation of a dangerous natural gas distribution system in Warren County, Kentucky. One of the major allegations of violation of the show cause is that the Commission has not issued a Certificate of Convenience and Necessity or has authorized the acquisition or transfer to, for, or on behalf of The Gas Group or Basil C. Pollitt. Pursuant to KRS 278.090, as Executive Director, you maintain the official records of the Commission.

First, I request that you direct Susan Hutcherson to make a copy of the entire original record in the above-named case and that you as Executive Director certify that the copy of the record is a true copy of the original record under Commission seal. Second, please direct Susan Hutcherson to search the records of the Commission to determine whether a Certificate of Convenience and Necessity has ever been issued in any of the names listed below. Also for her to determine whether the Commission has ever authorized an acquisition or transfer in any of the listed names. The names are as follows:

The Gas Group
The Gas Group, Inc.
Basil C. Pollitt
Basil C. Pollitt d/b/a The Gas Group
Basil C. Pollitt d/b/a The Gas Group, Inc.

I will use Susan Hutcherson as a witness to prove the above-stated facts.

Thank you.

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Helen C. Helton
Executive Director

FROM: Dale Wright 
Legal Staff

DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt
Case No. 99-130

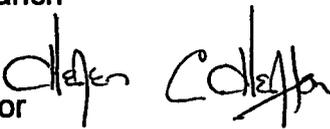
Next Tuesday, May 18, 1999 at 10:00 a.m. there will be a show cause hearing in Hearing Room No. 1. One of the major allegations of violation of the show cause is that there was never filed with the Commission's Tariff Revenue Branch any tariffs, schedules of rates and conditions for service of any of the names listed below:

The Gas Group
The Gas Group, Inc.
Basil C. Pollitt
Basil C. Pollitt d/b/a The Gas Group
Basil C. Pollitt d/b/a The Gas Group, Inc.

In order to prove the above-alleged fact at hearing, I need a search of the records in the Tariff Review Branch. Please direct Jordan Neel to make a thorough search of the tariff records filed with the Commission to determine the above fact.

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Jordan Neel
Administrative Branch Manager
Tariff Review Branch

FROM: Helen C. Helton 
Executive Director

DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt
Case No. 99-130

Please read the attached memo to me from Dale Wright. I direct that you make a thorough search of the Commission's records concerning tariffs, schedules of rates and conditions of service as requested by Mr. Wright. If any question, please call him at extension 235.

Thank you.

Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Helen C. Helton
Executive Director

FROM: Dale Wright *DW*
Legal Staff

DATE: May 12, 1999

RE: The Gas Group – Basil C. Pollitt
Case No. 99-130

Next Tuesday, May 18, 1999 at 10:00 a.m. there will be a show cause hearing in Hearing Room No. 1. One of the major allegations of violation of the show cause is that there was never filed with the Commission's Tariff Revenue Branch any tariffs, schedules of rates and conditions for service of any of the names listed below:

The Gas Group
The Gas Group, Inc.
Basil C. Pollitt
Basil C. Pollitt d/b/a The Gas Group
Basil C. Pollitt d/b/a The Gas Group, Inc.

In order to prove the above-alleged fact at hearing, I need a search of the records in the Tariff Review Branch. Please direct Jordan Neel to make a thorough search of the tariff records filed with the Commission to determine the above fact.

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 26 1999

PUBLIC SERVICE COMMISSION

In the Matter of:

THE GAS GROUP

CASE NO. 99-130

ALLEGED VIOLATIONS OF KRS 278.020,
KRS 278.160; 807 KAR 5:022,
SECTIONS 14(5)(a); 14(5)(c)(2); 13(9), AND
807 KAR 5:023, AND 49 CFR 192.707(a);
192.707(d)(2); 192.615, AND 49 CFR 199

4-22 1999

SERVE: Basil C. Pollitt
12004 Ridge Road
Louisville, Kentucky 40223-2413

BASIL C POLLITT
Name

818 RUBY PLACE

SUMMONS

Gerald J. Huff D.S.
Sheriff, Jefferson County, Ky.

THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF KENTUCKY
TO THE ABOVE-NAMED INDIVIDUAL AS OFFICER, AGENT, OR EMPLOYEE OF
THE ABOVE-NAMED UTILITY: G-7351

You are hereby notified that a show cause Order has been filed against the above-named utility before the Public Service Commission alleging certain facts and violations regarding the above-named natural gas distribution facility and utility as shown in the Order delivered to you with this summons.

Please be advised that someone on behalf on behalf of the Gas Group has 20 days from the date this Order is delivered to you to respond in writing to Helen C. Helton, Executive Director of the Commission at the address below.

NOTICE

Please take notice that this case is set for hearing on May 18, 1999 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

DATE: 4/14/99 19 The within
Commissioner

Dale Wright
Requesting Staff Attorney
502/564-3940

named
not found - Unable to Locate.
SHERIFF, JEFFERSON COUNTY, KY.
D.S.
PROOF OF SERVICE

This summons and notice was served by delivering a true copy of the show cause order to

This ___ day of _____, 1999.

Served by _____

Title _____

PROCESS NO. 70295

JEFFERSON COUNTY, KENTUCKY
SHERIFF'S OFFICE
PROCESS SERVICE FEE RECEIPT FORM
COL. JOHN E. AUBREY
SHERIFF

OFFICIALS NO. 11111

COUNTY ZIP FRANKFORT 00600 SECURED DOC.? N DATE RECEIVED

TYPE OF PROCESS DOCUMENT FOREIGN PROC - PRIVATE

DIVISION OF COURT NO COURT ASSIGNED CASE NUMBER

PLAINTIFF THE GAS GROUP DEFENDANT POLLITT, BASIL C.

PERSON TO BE SERVED POLLITT, BASIL C. DEFENDANT OR PTBS S.S. NUMBER

ADDRESS PTBS 12004 RIDGE RD ZIP PTBS 40223 DEPUTY CODE

PLACE OF EMPLOYMENT 818 RUBY PLACE

NEW ADDRESS PTBS NEW ZIP NEW DEPUTY CODE

ADDITIONAL INFORMATION

ATTORNEY'S FULL NAME PUBLIC SERVICE COMM ATTY'S. PHONE

ATTY'S ADDRESS BOX 215 CITY FRANKFORT STATE ZIP

- CASH KRS 64.080
- MO KRS 453.190 (IN FORMA PAUPERIS)
- CHECK 000004500
- RECEIVED BY

5-18

FEE AMOUNT DUE

DATE TO BE SERVED BY

COURT DATE

FEE AMOUNT PAID

	DATE	TIME		DEPUTY	REMARKS
		AM	PM		
1	4-20	11	56	174	N/AUS L/C
2	4-22	12	08	174	N/AUS C/STILL ON DCA
3					
4					
5					
6					

DESCRIPTION OF BUILDING
REASON NOT FOUND

SERVED NO. OF ATTEMPTS

NOT SERVED SERVICE DATE 4-22-99

SERVICE TIME 17:11

DATE RETURNED TO COURT 4/23

DEPUTY CODE G7351

DEPUTY WHO SERVED Marshal J. [Signature]



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

April 14, 1999

Basil C. Pollitt
The Gas Group
12004 Ridge Road
Louisville, KY. 40223 2413

RE: Case No. 99-130

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

at and near Highway 185 North of Richardsville, Warren County, Kentucky. Commission Staff determined that there are no records on file with the Commission relative to a natural gas distribution system or facility in the area reported. Specifically, Commission records reflect that no certificate of convenience and necessity has been issued as required by KRS 278.020, authorizing the construction and operation of a natural gas utility in the area along Highway 185 North of Richardsville. Pursuant to KRS 278.160 "[E]ach utility shall file with the Commission. . . , schedules showing all rates and conditions for service established by it and collected or enforced. . . ." The Gas Group has failed to make such filing with the Commission.

On February 16, 1999, Commission Staff, with the assistance of a representative of the State Fire Marshal, conducted, to the extent possible, an inspection of the Gas Group's facilities. Commission Staff was unable to determine the extent of the facilities because the owner or operator could not be located. Based upon said inspection, Commission Staff issued a Comprehensive Inspection Report ("Report") dated March 12, 1999 [copy attached]. Since that inspection was conducted, Commission Staff has attempted to contact and communicate with the alleged owner or operator of said facility without success.

An examination of the Commission's records establishes that Gas Group has failed to comply with KRS 278.020 and KRS 278.160 (numbered paragraphs 1 and 2 below). To the extent possible, the Report details the discovery of five (5) apparent violations of 807 KAR 5:022, 807 KAR 5:023, and 49 CFR 192 and 49 CFR 199 as follows (numbered paragraphs 3, 4, 5, 6, and 7):

1. The Commission has not issued a certificate of convenience and necessity authorizing the construction and operation of a natural gas utility in or near the area described herein above. KRS 278.020.

2. The Gas Group has failed to file any schedules of rates and conditions for service as required by KRS 278.160.

3. There are no line markers or signs to indicate the presence of a natural gas pipeline. 807 KAR 5:022, Section 14(5)(a) and 49 CFR 192.707(a).

4. There is pipeline aboveground on Anna Sandhill Road near Richardsville, Warren County, Kentucky. There is no sign marking the aboveground pipe which bears a telephone number to call in case of emergency. 807 KAR 5:022, Section 14(5)(c)(2) and 49 CFR 192.707(d)(2).

5. Customers of this facility are provided with no local telephone number to call in the event of an emergency. 807 KAR 5:022, Section 14(5)(d)(2) and 49 CFR 192.707(d)(2).

6. The Gas Group has not made contact with the appropriate fire, police and other public officials regarding actions to be taken during an emergency. 807 KAR 5:022, Section 13(9) and 49 CFR 192.615.

7. There is no proof that the Gas Group has an antidrug and alcohol plan. 807 KAR 5:023 and 49 CFR 199.

The Report notes that the facts as set out herein present a potentially dangerous situation because the gas field in this area of Warren County, Kentucky is known to produce hydrogen sulfide or "sour" gas and because the extent of the distribution system cannot be determined by observation of the aboveground pipe of the system.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE GAS GROUP)

) CASE NO. 99-130

ALLEGED VIOLATIONS OF KRS 278.020,)
KRS 278.160; 807 KAR 5:022,)
SECTIONS 14(5)(a); 14(5)(c)(2); 13(9), AND)
807 KAR 5:023, AND 49 CFR 192.707(a);)
192.707(d)(2); 192.615, AND 49 CFR 199)

SERVE: Basil C. Pollitt
12004 Ridge Road
Louisville, Kentucky 40223-2413

SUMMONS

THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF KENTUCKY
TO THE ABOVE-NAMED INDIVIDUAL AS OFFICER, AGENT, OR EMPLOYEE OF
THE ABOVE-NAMED UTILITY:

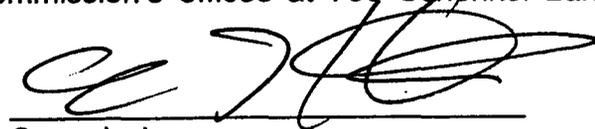
You are hereby notified that a show cause Order has been filed against the above-named utility before the Public Service Commission alleging certain facts and violations regarding the above-named natural gas distribution facility and utility as shown in the Order delivered to you with this summons.

Please be advised that someone on behalf of the Gas Group has 20 days from the date this Order is delivered to you to respond in writing to Helen C. Helton, Executive Director of the Commission at the address below.

NOTICE

Please take notice that this case is set for hearing on May 18, 1999 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

DATE: 4/14/99 _____



Commissioner

Dale Wright
Requesting Staff Attorney
502/564-3940

PROOF OF SERVICE

This summons and notice was served by delivering a true copy of the show cause order to

This ___ day of _____, 1999.

Served by _____

Title

The Commission, based upon the facts contained in the Comprehensive Inspection Report dated March 12, 1999, finds sufficient evidence to believe that the Gas Group has failed to comply with the above-identified provisions of KRS 278.020, Title 807, Chapter 5 and 49 CFR 192 and 199.

The Commission, on its own motion, HEREBY ORDERS that:

1. The Gas Group shall submit to the Commission within 20 days from the date this Order is delivered to you a written response to the allegations contained in the Order and the Comprehensive Inspection Report.

2. The Gas Group shall appear on May 18, 1999, at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky for the purposes of presenting evidence regarding the alleged violations above-named and of showing cause, if any, why it should not be subject to the penalties prescribed in KRS 278.990(1) and KRS 278.992(1) for the alleged violations.

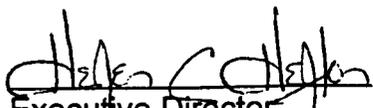
3. The Comprehensive Inspection Report dated March 12, 1999 is hereby made a part of the record herein.

4. Any request for an informal conference with Commission Staff to consider any matter which would expedite the handling or disposing of this proceeding shall be filed with the Commission no later than 20 days from the date of this Order.

Done at Frankfort, Kentucky, this 14th day of April, 1999.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

COMPREHENSIVE INSPECTION REPORT

THE GAS GROUP
Bowling Green, Kentucky

March 12, 1999

BRIEF

As a result of a query from the State Highway Department in Bowling Green, Kentucky, a partial inspection of a natural gas system known as The Gas Group was conducted. This inspection was conducted in accordance with the Public Service Commission's ("PSC") policy of inspecting all jurisdictional operators. Natural gas operators are jurisdictional to the PSC under KRS 278.040, 278.495 and also through a 5(a) Agreement with the United States Department of Transportation, Office of Pipeline Safety, for the enforcement of the Natural Gas Pipeline Safety Act of 1968.

INSPECTION

Assisted by Assistant State Fire Marshal, Alan Gregory, a partial inspection was conducted on February 16, 1999. During the investigation, several residential type meter sets were noted along Highway 185 in Warren County, Kentucky. Aboveground steel pipeline was also found on Anna SandHill Road. This aboveground steel piping was apparently connected to a gas compressor at some point in time. There is no compressor at this site at present; however, the gas lines are still active. Given the configuration of the meters, it must be assumed that this is a natural gas distribution system. Were it a farm tap system, the meters would be required to conform to farm

tap standards (2 regulators, automatic shut-off incorporated into the low-pressure regulator, and pressure relief valves).

Numerous violations of the pipeline safety standards were found and will be further discussed in the findings section of this report,

FINDINGS

The following deficiencies were found:

1. There are no line markers or signs to indicate the presence of a natural gas pipeline. 49 CFR 192.707(a) and 807 KAR 5:022, Section 14(5)(a).
2. The aboveground piping on Anna Sandhill Road has no sign with a telephone number to call in the event of an emergency. 49 CFR 192.707(d)(2) and KAR 5:022, Section 14(5)(c)(2).
3. Customers of this system have no local telephone number to call in the event of an emergency. 49 CFR 192.707(d)(2) and KAR 5:022, Section 14(5)(d)(2).
4. The Gas Group has not made contact with the appropriate fire, police and other public officials regarding actions to be taken during emergency situations. 49 CFR 192.615 and KAR 5:022, Section 13(9).
5. In the absence of any evidence to the contrary, it must be assumed that this company does not have an anti-drug or an alcohol plan. 49 CFR 199 and KAR 5:023.

Report – The Gas Group
March 12, 1999
Page 3

RECOMMENDATIONS

It appears that a potentially dangerous situation exists on this pipeline. It is recommended that the Commission initiate a hearing to allow The Gas Group to show cause they should not be penalized to the fullest extent of the law. It should be further noted that the maximum penalty allowable is \$25,000 per day of violation not to exceed \$500,000.

Respectfully submitted,



David B. Kinman
Gas Utility Investigator
Gas Branch

LLA
WHR

DBK:dcp
9903700



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

April 14, 1999

Jefferson County Sheriff's Office
531 Court Place
Suite 600
Louisville, Kentucky 40202

Re: Public Service Commission
PSC Case No. 99-130
Service of Combined Summons and Notice

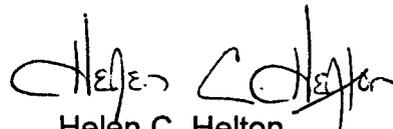
Dear Sheriff Aubrey:

Please find enclosed a true copy of a show cause order with two copies of a combined Summons and Notice of hearing. The Order and Notice are issued by the Public Service Commission pursuant to KRS 278.320. Also enclosed is a check in the amount of \$20.00 for the service fee and a return addressed envelope with postage. Please return one copy of the combined Summons and Notice with the proof of service executed.

The show cause order enclosed for service is the initial document to begin proceedings before the Public Service Commission regarding a natural gas distribution system. The known facts currently present a potentially dangerous situation. Mr. Basil C. Pollitt is the only known individual who may have important and critical information about the gas system.

Thank you for your immediate attention to the service of process under these circumstances.

Sincerely,


Helen C. Helton
Executive Director

Enclosures



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

APR 26 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:

THE GAS GROUP

CASE NO. 99-130

ALLEGED VIOLATIONS OF KRS 278.020,
KRS 278.160; 807 KAR 5:022,
SECTIONS 14(5)(a); 14(5)(c)(2); 13(9), AND
807 KAR 5:023, AND 49 CFR 192.707(a);
192.707(d)(2); 192.615, AND 49 CFR 199

4-22 1999

SERVE: Basil C. Pollitt
12004 Ridge Road
Louisville, Kentucky 40223-2413

BASIL C POLLITT
Him

818 RUBY PLACE

SUMMONS

Gerald J. Huff

THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF KENTUCKY
TO THE ABOVE-NAMED INDIVIDUAL AS OFFICER, AGENT, OR EMPLOYEE OF
THE ABOVE-NAMED UTILITY:

G-7351

You are hereby notified that a show cause Order has been filed against the above-named utility before the Public Service Commission alleging certain facts and violations regarding the above-named natural gas distribution facility and utility as shown in the Order delivered to you with this summons.

Please be advised that someone on behalf of the Gas Group has 20 days from the date this Order is delivered to you to respond in writing to Helen C. Helton, Executive Director of the Commission at the address below.

NOTICE

Please take notice that this case is set for hearing on May 18, 1999 at 10:00 a.m., Eastern Daylight Time, in Hearing Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky.

DATE: 4/14/99

19

The within

Commissioner

Dale Wright
Requesting Staff Attorney
502/564-3940

named
not found - Unable to Locate.

SHERIFF, JEFFERSON COUNTY, KY.
D.S.

PROOF OF SERVICE

This summons and notice was served by delivering a true copy of the show cause order to

This ___ day of _____, 1999.

Served by _____

Title _____

Staff Exhibit 2

PROCESS NO. 71275

JEFFERSON COUNTY, KENTUCKY
SHERIFF'S OFFICE
PROCESS SERVICE FEE RECEIPT FOR
COL. JOHN E. AUBREY
SHERIFF

PROCESS NO. 71275

COUNTY ZIP FRANKFORT 00000 SECURED DOC.? N DATE RECEIVED 4/20/99

TYPE OF PROCESS DOCUMENT FOREIGN PROC - PRIVATE

DIVISION OF COURT NO COURT ASSIGNED CASE NUMBER 9721

PLAINTIFF THE GAS GROUP DEFENDANT POLLITT, BASIL C.

PERSON TO BE SERVED POLLITT, BASIL C. DEFENDANT OR PTBS S.S. NUMBER 0000000000

ADDRESS PTBS 12008 RIDGE RD ZIP PTBS 40220 DEPUTY CODE

PLACE OF EMPLOYMENT 818 RUBY PLACE

NEW ADDRESS PTBS NEW ZIP NEW DEPUTY CODE

ADDITIONAL INFORMATION

ATTORNEY'S FULL NAME PUBLIC SERVICE COMM ATTY'S PHONE 502 200 1111

ATTY'S ADDRESS BOX 215 CITY FRANKFORT STATE KY ZIP 40600

- CASH KRS 64.080
- MO KRS 453.190 (IN FORMA PAUPERIS)
- CHECK 0000000000
- RECEIVED BY VSR

5-18

FEE AMOUNT DUE

DATE TO BE SERVED BY 05/07/99 COURT DATE 05/10/99 FEE AMOUNT PAID

	DATE	TIME		DEPUTY	REMARKS
		AM	PM		
1	4-20	11	56	174	N/A 2/10
2	4-22	12	08	174	N/A 20 C/STILL ON DECK
3					
4					
5					
6					

DESCRIPTION OF BUILDING _____
REASON NOT FOUND _____

SERVED NO. OF ATTEMPTS _____

NOT SERVED _____ SERVICE DATE 4-20-99
SERVICE TIME 17:11

DATE RETURNED TO COURT 4/23

DEPUTY CODE 67351 DEPUTY WHO SERVED Marshal J. [Signature]

THE GAS GROUP INC.
818 RUGBY PLACE
LOUISVILLE, KENTUCKY 40222

READING DATE: JAN 25, 1999

DUE DATE: FEB 04, 1998 LATE FEE ADDED TO NEXT MONTH BILL IF RECEIVED AFTER DUE
DATE. LATE FEE \$5.00

DEPOSIT RECEIVED: \$50.00

DONALD GOSS
8748 HWY 185
BOWLING GREEN, KENTUCKY 42101

BEFORE 20200					
NOW 209000					
USAGE 7000	9	\$6.00 PER MCF	\$42.00	+\$18.00	+ \$5.00 = \$65.00

UNLESS PAID BY DUE DATE SERVICE WILL BE DISCONTINUED

THE GAS GROUP INC.
818 RUGBY PLACE
LOUISVILLE, KENTUCKY 40222

Steph Ehlman

STAFF exhibit 4



STAFF exhibit 6



STAFF exhibit 5



STAFF exhibit 7

